99TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
99-447

FOOD SECURITY ACT OF 1985

THE COMMITTEE OF CONFERENCE

SUBMITTED THE FOLLOWING

CONFERENCE REPORT

[To accompany H.R. 2100]

DECEMBER 17, 1985.—Ordered to be printed

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FOOD SECURITY ACT OF 1985

DECEMBER 17, 1985.—Ordered to be printed

Mr. DE LA GARZA, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany (H.R. 2100)]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Food Security Act of 1985".

TABLE OF CONTENTS

SEC. 2. The table of contents is as follows:

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TITLE I—DAIRY

Subtitle A—Milk Price Support and Producer-Supported Dairy Program

MILK PRICE SUPPORT, PRICE REDUCTION, AND MILK PRODUCTION TERMINATION PROGRAMS FOR CALENDAR YEARS 1986 THROUGH 1990

SEC. 101. (a) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1)(A) During the period beginning on January 1, 1986, and ending on December 31, 1990, the price of milk shall be supported as provided in this subsection.

"(B) During the period beginning on January 1, 1986, and ending on December 31, 1986, the price of milk shall be supported at a rate equal to $11.60 per hundredweight for milk containing 3.67 percent milkfat.

"(C)(i) During the period beginning on January 1, 1987, and ending on September 30, 1987, the price of milk shall be supported at a rate equal to $11.35 per hundredweight for milk containing 3.67 percent milkfat.

"(ii) Except as provided in subparagraph (D), during the period beginning on October 1, 1987, and ending on December 31, 1990, the price of milk shall be supported at a rate equal to $11.10 per hundredweight for milk containing 3.67 percent milkfat.

"(D)(i) Subject to clause (ii), if for any of the calendar years 1988, 1989, and 1990, the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on January 1 of such calendar year, will exceed 5,000,000,000 pounds (milk equivalent), on January 1 of such calendar year, the Secretary shall reduce by 50 cents the rate of price support for milk as in effect on such date.

"(ii) The rate of price support for milk may not be reduced under clause (i) unless—

"(I) the milk production termination program under paragraph (3) achieved a reduction in the production of milk by participants in the program of at least 12,000,000,000 pounds during the 18 months of the program; or

"(II) the Secretary submits to Congress a certification, including a statement of facts in support of the certification of the Secretary, that reasonable contract offers were extended by the Secretary under such program but such offers were not accepted by a sufficient number of producers making reasonable bids for contracts to achieve such a reduction in production.

"(E) If for any of the calendar years 1988, 1989, and 1990, the level of purchases of milk and the products of milk under this subsection (less sales under section 407 for unrestricted use), as estimated by the Secretary on January 1 of such calendar year, will not exceed 2,500,000,000 pounds (milk equivalent), the Sec-

retary shall increase by 50 cents the rate of price support for milk in effect on such date.

"(F) The price of milk shall be supported through the purchase of milk and the products of milk.

"(2)(A) During the period beginning on April 1, 1986, and ending on September 30, 1987, the Secretary shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.

"(B) The amount of the reduction under subparagraph (A) in the price received by producers shall be—

"(i) the period beginning on April 1, 1986, and ending on December 31, 1986, 40 cents per hundredweight of milk marketed; and

"(ii) during the first 9 months of 1987, 25 cents per hundredweight of milk marketed.

"(C) The funds represented by the reduction in price, required under subparagraph (A) to be applied to the marketings of milk by a producer, shall be collected and remitted to the Commodity Credit Corporation, at such time and in such manner as prescribed by the Secretary, by each person making payment to a producer for milk purchased from such producer, except that in the case of a producer who markets milk of the producer's own production directly to consumers, such funds shall be remitted directly to the Corporation by such producer.

"(D) The funds remitted to the Corporation under this paragraph shall be considered as included in the payments to a producer of milk for purposes of the minimum price provisions of the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.".

(b) Paragraph (3) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by—

(1) striking out subparagraphs (A) through (G), and inserting in lieu thereof the following:

"(A)(i) The Secretary shall establish and carry out under this paragraph a milk production termination program for the 18-month period beginning April 1, 1986.

"(ii) Under the milk production termination program required under this subparagraph, the Secretary, at the request of any producer of milk in the United States who submits to the Secretary a bid, may offer to enter into a contract with the producer for the purpose of terminating the production of milk by the producer in return for a payment to be made by the Secretary.

"(iii) For the 18-month period for which the milk production termination program under this subparagraph is in effect, the Secretary shall—

"(I) as soon as practicable, determine the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program; and

"(II) by regulation specify marketing procedures to ensure that greater numbers of dairy cattle slaughtered as a result of the production termination program provided for in this

section shall be slaughtered in each of the periods of April through August 1986, and March through August 1987 than for the other months of the program. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical seasonal marketing patterns. During such 18-month period, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy herd culling rate to no more than 7 percent of the national dairy herd per calendar year.

"(iv) Each contract made under this subparagraph shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of 3, 4, or 5 years, as specified by the Secretary in each producer contract and beginning on the day the producer completes compliance with subclause (I), the producer neither shall acquire any interest in dairy cattle or in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by a producer with such subclause unless the Secretary shall by regulation otherwise permit; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.

"(v) Any producer of milk who seeks to enter into a contract for payments under this paragraph shall provide the Secretary with (I) evidence of such producer's marketing history; (II) the size and composition of the producer's dairy herd during the period the marketing history is determined; and (III) the size and composition of the producer's dairy herd at the time the bid is submitted, as the Secretary deems necessary and appropriate.

"(vi) Except as provided in subparagraph (D), no producer who commenced marketing of milk in the 15-month period ending March 31, 1986, shall be eligible to enter into a contract for payments under this subparagraph.

"(vii) A contract entered into under this paragraph by a producer who by reason of death cannot perform or assign such contract may be performed or assigned by the estate of such producer.

"(B) The Secretary may establish and carry out a milk diversion or milk production termination program for any of the calendar years 1988, 1989, and 1990 as necessary to avoid the creation of burdensome excess supplies of milk or milk products.

"(C) In setting the terms and conditions of any milk diversion or milk production termination under this paragraph and of

each contract made under this subparagraph, the Secretary shall take into account any adverse effect of such program or contracts on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(D) A producer who commenced marketing milk after December 31, 1984, shall be eligible to enter into a contract for payments under this subparagraph if such producer's entire milk production facility and entire dairy herd were transferred to the producer by reason of a gift from, or the death of, a member or members of the family of the producer. The term 'member of the family of the producer' means (i) an ancestor of the producer, (ii) the spouse of the producer, (iii) a lineal descendant of the producer, or the producer's spouse, or a parent of the producer, or (iv) the spouse of any such lineal descendant.";

(2) striking out subparagraphs (H), (I), (J), (L), and (O); and

(3) redesignating subparagraph (K) as subparagraph (E).

(c) Paragraph (5)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)) is amended by—

(1) striking out "(i)";

(2) striking out ", (ii)" and inserting in lieu thereof "or";

(3) striking out ", or (iii)" and all that follows through "paragraph (3)";

(4) redesignating the text thereof as clause (i);

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (3), one or more dairy cattle sold for slaughter or export, who knows that such cattle are sold for slaughter or export, and who fails to cause the slaughter or export of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.

"(iii) Each person who retains or acquires an interest in dairy cattle or the production of milk in violation of a contract entered into under this paragraph shall be liable, in addition to any amount due under paragraph (3)(A)(iv), to a marketing penalty on the quantity of milk produced during the period in which such ownership is prohibited under the contract. Such penalty shall be computed at the rate or rates of the support price for milk in effect during the period in which the milk production occurred.

"(iv) Each person who makes a false statement in a bid submitted under paragraph (3) as to (I) the marketings of milk for commercial use by the producer, or (II) the size or composition of the dairy herd that produced such marketings, or (III) the size or composition of the dairy herd at the time the bid is submitted shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph, to a civil penalty of $5,000 for each head of cattle to which such statement applied.

"(v) Each person who makes a false statement as to the number of dairy cattle that was sold for slaughter or export under a contract under paragraph (3)(A) shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph,

to a civil penalty of not more than $5,000 for each head of cattle to which such statement applied.".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(7) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) The provisions of this section shall become effective January 1, 1986.

ADMINISTRATIVE PROCEDURES

SEC. 102. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) by the Secretary of Agriculture, as amended by section 101, including determinations made regarding—

(1) the level of price support for milk;

(2) any reduction in the prices paid to producers of milk; and

(3) the milk production termination program.

APPLICATION OF SUPPORT PRICE FOR MILK

SEC. 103. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

AVOIDANCE OF ADVERSE EFFECT OF MILK PRODUCTION TERMINATION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

SEC. 104. To minimize the adverse effect of the milk production termination program on beef, pork, and lamb producers in the United States during the 18-month period for which such program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such period—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute 200,000,000 pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary. Such purchases by the Secretary shall not reduce purchases of any other agricultural commodities under section 32;

(2) the Secretary of Agriculture shall use funds available through the Commodity Credit Corporation to purchase 200,000,000 pounds of red meat, in addition to those quantities normally purchased and distributed by the Secretary, and to make such meat available—

(A) to the Secretary of Defense, on a nonreimbursable basis, for use in commissaries on military installations located outside of the United States; or

(B) for export under the authority of any law in effect on or after the date of the enactment of this Act;

(3) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(4) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

DOMESTIC CASEIN INDUSTRY

SEC. 105. (a) The Commodity Credit Corporation shall provide surplus stocks of nonfat dry milk of not less than 1,000,000 pounds annually to individuals or entities on a bid basis.

(b) The Commodity Credit Corporation may accept bids at lower than the resale price otherwise required by law, in order to promote the strengthening of the domestic casein industry.

(c) The Commodity Credit Corporation shall take appropriate action to ensure that the nonfat dry milk sold by the Corporation under this section is used only for the manufacture of casein.

STUDY RELATING TO CASEIN

SEC. 106. The Secretary of Agriculture shall conduct a study to determine whether imports of casein tend to interfere with or render ineffective the milk price support program of the Department of Agriculture. Not later than 60 days after the date of the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CIRCUMVENTION OF HISTORICAL DISTRIBUTION OF MILK

SEC. 107. The Secretary of Agriculture shall—

(1) monitor the Commodity Credit Corporation purchases of the products of milk during 1986 and 1987; and

(2) report to Congress, on a quarterly basis, on disruptions of, or attempts by handlers or cooperative marketing associations to circumvent, the historical distribution of milk among processors during the milk production termination program.

APPLICATION OF AMENDMENTS

SEC. 108. The amendments made by this subtitle shall not affect any liability of any person under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as in effect before the date of the enactment of this Act.

Subtitle B—Dairy Research and Promotion

NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

SEC. 121. The Dairy Production Stabilization Act of 1983 (7 U.S.C. 1421 note, et seq.) is amended by adding at the end thereof the following:

"Subtitle C—Dairy Research Program

"DEFINITIONS

"SEC. 130. For purposes of this subtitle—

"(1) the term 'board' means the board of trustees of the Institute;

"(2) the term 'Department' means the Department of Agriculture;

"(3) the term 'dairy products' means manufactured products that are derived from the processing of milk, and includes fluid milk products;

"(4) the term 'fluid milk products' means those milk products normally consumed in liquid form as a beverage;

"(5) the term 'Fund' means the Dairy Research Trust Fund established by section 135;

"(6) the term 'Institute' means the National Dairy Research Endowment Institute established by section 131;

"(7) the term 'milk' means any class of cow's milk marketed in the United States;

"(8) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(9) the term 'producer' means any person engaged in the production of milk for commercial use;

"(10) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of milk and dairy products, and other related efforts to expand demand for milk and dairy products;

"(11) the term 'Secretary' means the Secretary of Agriculture unless the context specifies otherwise; and

"(12) the term 'United States' means the several States and the territories and possessions of the United States, except that for purposes of sections 131, 133(a), and 136, and paragraph (7) of this section, such term means the forty-eight contiguous States in the continental United States.

"ESTABLISHMENT OF NATIONAL DAIRY RESEARCH ENDOWMENT INSTITUTE

"SEC. 131. The Secretary of Agriculture may establish in the Department of Agriculture a National Dairy Research Endowment Institute whose function shall be to aid the dairy industry through the implementation of the dairy products research order, which its board of trustees shall administer, and the use of monies made available to its board of trustees from the Dairy Research Trust Fund to implement the order. In implementing the order, the Insti-

tute shall provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the United States. The Institute shall be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board. The board may appoint from among its members an executive committee whose membership shall reflect equally each of the different regions in the United States in which milk is produced. The executive committee shall have such duties and powers as are delegated to it by the board. The members of the board shall serve without compensation. While away from their homes or regular places of business in the performance of services for the board, members of the board shall be allowed reasonable travel expenses, including a per diem allowance in lieu of subsistence, as recommended by the board and approved by the Secretary, except that there shall be no duplication of payment for such expenses.

"ISSUANCE OF ORDER

"SEC. 132. (a) After receipt of a proposed dairy products research order, the Secretary may publish such proposed order in the Federal Register and shall give notice and reasonable opportunity for public comment on such proposed order. Such proposed order may be submitted by an organization certified under section 114 or by any interested person affected by the provisions of subtitle B.

"(b) After the Secretary provides for such publication and a reasonable opportunity for a hearing under subsection (a), the Secretary may issue the dairy products research order. The order so issued shall become effective not later than 90 days after publication in the Federal Register of the order.

"(c) The Secretary may amend, from time to time, the dairy products research order issued under subsection (b).

"REQUIRED TERMS OF ORDER; AGREEMENTS UNDER ORDER; RECORDS

"SEC. 133. (a) The dairy products research order issued under section 132(b) shall—

"(1) provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products marketed in the United States;

"(2) specify the powers of the board, including the powers to—

"(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects designed to—

"(i) increase the knowledge of human nutritional needs and the relationship of milk and dairy products to these needs;

"(ii) improve dairy processing technologies, particularly those appropriate to small- and medium-sized family farms;

"(iii) develop new dairy products; and

"(iv) appraise the effect of such research on the marketing of dairy products;

"(B) make recommendations to the Secretary regarding such plans and projects;

"(C) administer the order in accordance with its terms and provisions;

"(D) make rules and regulations to effectuate the terms and provisions of the order;

"(E) receive, investigate, and report to the Secretary complaints of violations of the order;

"(F) recommend to the Secretary amendments to the order;

"(G) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies appropriated or transferred by the Secretary to the Fund;

"(H) with the approval of the Secretary, establish advisory committees composed of individuals other than members of the board, and pay the necessary and reasonable expenses and fees of the members of such committees; and

"(I) with the approval of the Secretary, appoint or employ such persons, other than members of the board, as the board deems necessary and define the duties and determine the compensation of each;

"(3) specify the duties of the board, including the duties to—

"(A) develop, and submit to the Secretary for approval before implementation, any research plan or project to be carried out under this subtitle;

"(B) submit to the Secretary for approval, budgets, on a fiscal year basis, of the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects;

"(C) prepare and make public, at least annually, a report of the board's activities and an accounting for funds received and expended by the board;

"(D) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

"(E) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(F) account for the receipt and disbursement of all funds entrusted to the board;

"(4) prohibit any monies received under this subtitle by the board to be used in any manner for the purpose of influencing governmental policy or actions, except as provided in paragraph (2)(F); and

"(5) require that each person receiving milk from producers for commercial use and any person marketing milk of that person's own production directly to consumers maintain and make available for inspection by the Secretary such books and records as may be required by the order and file with the Secretary reports at the time, in the manner, and having the content prescribed by the order.

"(b) Any agreement made under subsection (a)(2)(G) shall provide that—

"(1) the person with whom such agreement is made shall develop and submit to the board a research plan or project together with a budget that shows estimated costs to be incurred to carry out such plan or project;

"(2) such plan or project shall become effective on the approval of the Secretary; and

"(3) such person shall keep accurate records of all of its transactions, account for funds received and expended, make periodic reports to the board of activities conducted to carry out such plan or project, and submit such other reports as the Secretary or the board may require.

"(c)(1) Information, books, and records made available to, and reports filed with, the Secretary under subsection (a)(6) shall be kept confidential by all officers and employees of the Department, except that such information, books, records, and reports as the Secretary deems relevant may be disclosed by such officers and employees in any suit or administrative proceeding that is brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, and that involves the order issued under section 132(b).

"(2) Paragraph (1) shall not be construed to prohibit—

"(A) the issuance of general statements, based on such information, books, records, and reports, of the number of persons subject to the order or of statistical data collected from such persons if such statements do not specifically identify the data furnished by any one of such persons; or

"(B) the publication, at the direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"(3) No information obtained under the authority of this section may be made available to any agency, officer, or employee of the United States for any purpose other than the implementation of this subtitle and any investigatory or enforcement action necessary to implement this subtitle. Any person who violates this paragraph shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and, if such person is employed by the board or the Department, shall be terminated from such employment.

"PETITION AND REVIEW; ENFORCEMENT; INVESTIGATIONS

"SEC. 134. The provisions of sections 118, 119, and 120 shall apply, except when inconsistent with this subtitle, to the Institute, the board, the persons subject to the order issued under section 132(b), the jurisdiction of district courts of the United States, and the authority of the Secretary under this subtitle in the same manner as such sections apply with respect to subtitle B.

"DAIRY RESEARCH TRUST FUND

"SEC. 135. (a) There may be established in the Treasury of the United States a trust fund to be known as the 'Dairy Research Trust Fund' if the Institute is established under section 131 and a

dairy products research order issued under section 132 is effective during such fiscal year.

"(b)(1) There is authorized to be appropriated to the Fund or transferred from moneys available to the Commodity Credit Corporation for deposit in the Fund, $100,000,000.

"(2) Moneys deposited in the Fund under paragraph (1) shall be invested by the Secretary of the Treasury in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States. Interest, dividends, and other payments that accrue from such investments shall be deposited in the Fund and also shall be so invested, subject to subsection (c).

"(c) Moneys in the Fund, other than moneys appropriated or transferred under paragraph (1) of subsection (b), shall be available to the board, in such amounts, and for such activities authorized by this subtitle, as the Secretary may approve.

"TERMINATION OF ORDER, INSTITUTE, AND FUND

"SEC. 136. (a) The Secretary, whenever the Secretary finds that the order issued under this subtitle or any provision of such order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products marketed in the United States, shall terminate or suspend the operation of the order or such provision.

"(b) If the Secretary terminates the order, the Institute shall be dissolved 180 days after the termination of the order.

"(c) If the Institute is dissolved for any reason, the moneys remaining in the Fund shall be disposed of as shall be agreed to by the board and the Secretary.

"ADDITIONAL AUTHORITY

"SEC. 137. (a) No provision of this subtitle shall be construed to preempt or supersede any other program relating to milk or dairy products research organized and operated under the laws of the United States or any State.

"(b) The provisions of this subtitle applicable to the order issued under section 132(b) shall be applicable to any amendment to the order.".

Subtitle C—Milk Marketing Orders

MINIMUM ADJUSTMENTS TO PRICES FOR FLUID MILK UNDER MARKETING ORDERS

SEC. 131. (a) Section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end the following: "Throughout the 2-year period beginning on the effective date of this sentence (and subsequent to such 2-year period unless modified by amendment to the order involved), the minimum aggregate amount of the adjustments, under clauses (1) and (2) of the preceding sentence, to prices for milk of the highest use classification under orders that are in effect under this section on the date

of the enactment of the Food Security Act of 1985 shall be as follows:

"Marketing Area Subject to Order	*Minimum Aggregate Dollar Amount of Such Adjustments Per Hundredweight of Milk Having 3.5 Percent Milkfat*
New England	*$3.24*
New York-New Jersey	*3.14*
Middle Atlantic	*3.03*
Georgia	*3.08*
Alabama-West Florida	*3.08*
Upper Florida	*3.58*
Tampa Bay	*3.88*
Southeastern Florida	*4.18*
Michigan Upper Peninsula	*1.35*
Southern Michigan	*1.75*
Eastern Ohio-Western Pennsylvania	*1.95*
Ohio Valley	*2.04*
Indiana	*2.00*
Chicago Regional	*1.40*
Central Illinois	*1.61*
Southern Illinois	*1.92*
Louisville-Lexington-Evansville	*2.11*
Upper Midwest	*1.20*
Eastern South Dakota	*1.50*
Black Hills, South Dakota	*2.05*
Iowa	*1.55*
Nebraska-Western Iowa	*1.75*
Greater Kansas City	*1.92*
Tennessee Valley	*2.77*
Nashville, Tennessee	*2.52*
Paducah, Kentucky	*2.39*
Memphis, Tennessee	*2.77*
Central Arkansas	*2.77*
Fort Smith, Arkansas	*2.77*
Southwest Plains	*2.77*
Texas Panhandle	*2.49*
Lubbock-Plainview, Texas	*2.49*
Texas	*3.28*
Greater Louisiana	*3.28*
New Orleans-Mississippi	*3.85*
Eastern Colorado	*2.73*
Western Colorado	*2.00*
Southwestern Idaho-Eastern Oregon	*1.50*
Great Basin	*1.90*
Lake Mead	*1.60*
Central Arizona	*2.52*
Rio Grande Valley	*2.35*
Puget Sound-Inland	*1.85*
Oregon-Washington	*1.95*

Effective at the beginning of such two-year period, the minimum prices for milk of the highest use classification shall be adjusted for the locations at which delivery of such milk is made to such handlers.".

(b) The amendment made by this section shall take effect on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

ADJUSTMENTS FOR SEASONAL PRODUCTION; HEARINGS ON AMENDMENTS; DETERMINATION OF MILK PRICES

SEC. 132. Section 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1990".

MARKETWIDE SERVICE PAYMENTS

SEC. 133. Effective January 1, 1986, section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by adding at the end thereof the following:

"(J) Providing for the payment, from the total sums payable by all handlers for milk (irrespective of the use classification of such milk) and before computing uniform prices under paragraph (A) and making adjustments in payments under paragraph (C), to handlers that are cooperative marketing associations described in paragraph (F) and to handlers with respect to which adjustments in payments are made under paragraph (C), for services of marketwide benefit, including but not limited to—

"(i) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

"(ii) handling on specific days quantities of milk that exceed the quantities needed by handlers; and

"(iii) transporting milk from one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification.".

STATUS OF PRODUCER HANDLERS

SEC. 134. The legal status of producer handlers of milk under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall be the same after the amendments made by this title take effect as it was before the effective date of such amendments.

Subtitle D—National Commission on Dairy Policy

FINDINGS AND DECLARATION OF POLICY

SEC. 141. (a) Congress finds that—

(1) the Federal program established to support the price of milk marketed by producers in the United States was created to provide price and income protection for milk producers as well as to assure consumers of an adequate supply of milk and dairy products at reasonable prices;

(2) the milk production industry in the United States is composed primarily of small- and medium-sized family farm operations;

(3) consumers in the United States benefit financially from a milk price support program that prohibits large fluctuations in the price and supply of milk and dairy products;

(4) consumers in the United States also benefit financially from the current structure of the domestic milk production industry; and

(5) the Office of Technology Assessment, in its report entitled "Technology, Public Policy, and the Changing Structure of American Agriculture", found that larger milk production operations already enjoy a major advantage in the production of milk and that, under current Federal policy, the development and use of new technologies will permit a continued trend toward fewer and larger milk production operations throughout the country.

(b) It is hereby declared to be the policy of Congress to respond to the development of new technologies in the domestic milk production industry by reviewing the present milk price support program and its alternatives, and by adopting such policies as are needed to prevent significant surplus production in the future while ensuring that the current small- and medium-sized family farm structure of such industry will be preserved for new generations of producers and consumers alike.

ESTABLISHMENT OF COMMISSION

SEC. 142. (a) There is hereby established a National Commission on Dairy Policy, which shall study and make recommendations concerning the future operation of the Federal program established to support the price of milk marketed by producers in the United States.

(b) The Commission shall be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members shall be appointed from nominations submitted to the Secretary by the following Members of Congress, after consultation with the other Members of Congress who sit on the specified committee of the respective House of Congress:

(1) The Chairman of the Committee on Agriculture of the House of Representatives.

(2) The ranking minority member of the Committee on Agriculture of the House of Representatives.

(3) The Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) The ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Each such Member of Congress shall make not fewer than eighteen such nominations for appointment to the Commission, but not more than two such nominations for any particular vacancy on the Commission. The Secretary shall appoint not fewer than three individuals from among the nominations submitted by each such Member of Congress. Each member of the Commission shall represent a milk-producing region of the United States. A region may be made up of more than one State and may be represented by more than one member of the Commission. In making such appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of milk production volume throughout the

United States. In determining geographical representation, whole States shall be considered as a unit.

(c) A vacancy on the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the chairman or a majority of the members of the Commission.

STUDY AND RECOMMENDATIONS

SEC. 143. (a) The National Commission on Dairy Policy shall study—

(1) the current Federal price support program for milk;

(2) alternatives to such program;

(3) the future functioning of such program;

(4) new technologies that will become a part of the milk production industry before the end of this century;

(5) the effect that developing technologies will have on surplus milk production; and

(6) the future structure of the milk production industry.

In conducting such study, the Commission shall consider, among other things, how effective the current Federal price support program for milk will be in preventing significant surpluses of dairy products in the future, how well such program will respond to the challenges to the family farm structure of the milk production industry created by developing technologies, and whether or not a better response to those challenges could be achieved through modifications or revisions of current Federal policy.

(b) On the basis of its study, the Commission shall make findings and develop recommendations for consideration by the Secretary of Agriculture and Congress with respect to the future operation of the Federal price support program for milk.

(c) The Commission shall submit to the Secretary of Agriculture and Congress, not later than March 31, 1987, a report containing the results of its study and recommendations based on such results.

ADMINISTRATION

SEC. 144. (a) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, shall provide to the National Commission on Dairy Policy such information as the Commission may require to carry out its duties and functions.

(b) Members of the Commission shall serve without compensation for work on the Commission. While away from their homes or regular places of business in the performance of duties of the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under section 5703 of title 5 of the United States Code.

(c) To the extent there are sufficient funds available to the Commission in advance under section [139], and subject to such rules as may be adopted by the Commission, the Commission, without regard to the provisions of title 5 of the United States Code governing ap-

pointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, may—

(1) appoint and fix the compensation of a director; and

(2) appoint and fix the compensation of such additional personnel as the Commission determines necessary to assist it to carry out its duties and functions.

(d) On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment may furnish the Commission with such personnel and support services as the head of the agency, or office, and the chairman of the Commission agree are necessary to assist the Commission to carry out its duties and functions. The Commission shall not be required to pay or reimburse any agency or office for personnel and support services provided under this subsection.

(e) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) The Commission shall be exempt from the requirements of sections 4301 through 4305 of title 5 of the United States Code.

FINANCIAL SUPPORT

SEC. 145. (a) Following the appointment or designation of the members of the National Commission on Dairy Policy, notwithstanding the provisions of section 1342 of title 31 of the United States Code, the Secretary of Agriculture may receive on behalf of the Commission, from persons, groups, and entities within the United States, contributions of money and services to assist the Commission to carry out its duties and functions. Any money contributed under this section shall be made available to the Commission to carry out this subtitle. In no event may the Secretary accept an aggregate amount of contributions from any one person, group, or entity exceeding 10 percent of the budget of the Commission.

(b) If the contributions under subsection (a) are insufficient to carry out this subtitle, the Secretary of Agriculture may transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000 to carry out this subtitle.

TERMINATION OF COMMISSION

SEC. 146. The National Commission on Dairy Policy shall cease to exist thirty days following the submission of its report to the Secretary of Agriculture and Congress.

Subtitle E—Miscellaneous

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 151. Subsections (a) and (b) of section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) are each amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION OF THE DAIRY INDEMNITY PROGRAM

SEC. 152. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers" (7 U.S.C. 450l), approved August 13, 1968, is amended by striking out "1985" and inserting in lieu thereof "1990".

DAIRY EXPORT INCENTIVE PROGRAM

SEC. 153. (a) During the period beginning 60 days after the date of enactment of this Act and ending on September 30, 1989, the Commodity Credit Corporation shall establish and operate an export incentive program as described in this section for dairy products under section 5 of the Commodity Credit Corporation Charter Act.

(b) The program established under subsection (a) shall provide for the Corporation to make payments, on a bid basis, to an entity that sells for export United States dairy products. The Secretary shall have discretion to accept or reject bids under such criteria as the Secretary deems appropriate.

(c) The program shall be operated under such rules and regulations issued by the Secretary as the Secretary deems necessary to ensure, among other things, that—

(1) payments may be made under the program only on the quantity of dairy products sold by an entity for export in any year that is in addition to, and not in place of, any export sales of dairy products that the entity would otherwise make in the absence of the program; and

(2) to the extent practicable, dairy products sold for export under the program will not displace commercial export sales of United States dairy products by other exporters.

(d)(1) The regulations issued by the Secretary may provide for payments under the program to be made in cash or in commodities of equal value that are available in Commodity Credit Corporation stock.

(2) If payments in commodities are authorized, such payments may be made through the issuance of certificates redeemable in commodities.

(3) If payments are authorized to be made in dairy products, the regulations issued by the Secretary shall ensure that such dairy products, or an equal amount of other dairy products, will be sold for export by the entity and that any such export sales by the entity will be in addition to, and not in place of, export sales of dairy products that the entity would otherwise make under program or in the absence of the program, and, to the extent practicable, will not displace commercial export sales of United States dairy products by other exporters.

(e)(1) The payments made under the program shall be made at a rate or rates established or approved by the Secretary, taking into consideration, among other things the type of product to be exported, the domestic price of dairy products, and world price of the dairy products.

(2) Any such rate established or approved by the Secretary shall be published in the Federal Register or publicly announced through other appropriate means, and shall be at a level or levels as will

encourage the exportation of United States dairy products by entities.

TITLE II—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 201. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1990"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1990".

FOREIGN PROMOTION PROGRAMS

SEC. 202. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats" and inserting in lieu thereof "wool, mohair, sheep, or goats".

TITLE III—WHEAT

WHEAT POLL

SEC. 301. (a) Not later than July 1, 1986, the Secretary of Agriculture shall conduct a poll, by mail ballot, of eligible producers of wheat to determine whether such producers favor the imposition of mandatory limits on the production of wheat that will result in wheat prices that are not lower than 125 percent of the cost of production (excluding land and residual returns to management) as determined by the Secretary.

(b) The Secretary shall conduct such poll in such a manner as will reflect the types and sizes of farm operations (including livestock), distinctions among types and classes of wheat produced, and such demographic and other information as the Secretary determines is necessary to reflect State, regional, and national responses.

(c) To be eligible to vote in such poll, a producer must have produced a crop of wheat during at least one of the 1981 through 1985 crop years for wheat on a farm with a wheat crop acreage base of at least 40 acres.

MARKETING QUOTAS

SEC. 302. Effective only for the 1987 through 1990 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) is amended to read as follows:

"PROCLAMATION OF MARKETING QUOTAS

"SEC. 332. (a) As used in sections 332 through 338:

"(1) The term 'base period' means the 1981 through 1985 crop years for wheat.

"(2) The term 'marketing quota period' means the 1987 through 1990 marketing years for wheat.

"(b)(1) The Secretary may—

"(A) proclaim national marketing quotas for wheat for each marketing year of the marketing quota period not later than June 15, 1986; and

"(B) conduct, by mail ballot, a marketing quota referendum not later than August 1, 1986.

"(2) The quantity of the national marketing quota for wheat for any marketing year shall be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(c) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary shall adjust or terminate the national marketing quota.".

MARKETING QUOTA APPORTIONMENT FACTOR

SEC. 303. Effective only for the 1987 through 1990 crops of wheat, section 333 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1333) is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"SEC. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332.

"(b) The apportionment factor shall be determined by dividing—

"(1) the national marketing quota for such crop of wheat; by

"(2) the average number of bushels of wheat the Secretary determines was produced in the United States during the base period, adjusted to reflect the quantity of wheat that would have been produced during such years except for—

"(A) drought, flood, or other natural disaster, or other conditions beyond the control of producers; and

"(B) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years,

as determined by the Secretary.".

FARM MARKETING QUOTAS

SEC. 304. Effective only for the 1987 through 1990 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334) is amended to read as follows:

"FARM MARKETING QUOTAS

"SEC. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332, the Secretary shall establish a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during the base period.

"(b) The farm marketing quota shall be equal to the product obtained by multiplying—

"(1) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during the base period; by

"(2) the average yield of wheat planted for harvest, or considered planted for harvest, on the farm during such base period,

as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield; by

"(3) the marketing quota apportionment factor.

"(c) For purposes of this section, wheat shall be considered to have been planted for harvest on the farm in any crop year to the extent that the Secretary determines that wheat was not planted for harvest on the farm because—

"(1) of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(2) the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by June 1 of the calendar year preceding each marketing year for which a national marketing quota has been proclaimed under section 332.".

MARKETING PENALTIES

SEC. 305. Effective only for the 1987 through 1990 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1335) is amended to read as follows:

"MARKETING PENALTIES

"SEC. 335. (a) The marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid—

"(1) in the case of wheat marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, except that an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) in the case of wheat marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) in the case of wheat marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies, or fails to certify, the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary—

"(1) a quantity of wheat equal to the product obtained by multiplying—

"(A) the farm program payment yield, as determined by the Secretary under title V of the Agricultural Act of 1949; by

"(B) the planted acreage,

shall be deemed to have been marketed in excess of the farm marketing quota; and

"(2) the penalty provided for in subsection (a) on such quantity of wheat shall be paid by the producer.

"(d) Each producer having an interest in the crop of wheat on any farm for which a penalty is determined shall be jointly and severally liable for the entire amount of the penalty.

"(e) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year, and may be marketed without incurring a penalty under this section in the succeeding marketing year, to the extent that—

"(1) the total quantity of wheat available for marketing from the farm in the marketing year from which the wheat is carried over does not exceed the farm marketing quota; or

"(2) the total quantity of wheat available for marketing in the succeeding marketing year (including any quantity of wheat carried over) does not exceed the farm marketing quota for the succeeding marketing year.

"(f) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(g)(1) The Secretary shall require collection of the penalty provided for in this section on a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for marketing from the farm in excess of the farm marketing quota is of the total quantity of wheat available for marketing from the farm, if satisfactory proof is not furnished to the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm.

"(2) All funds collected under this section during a marketing year shall be deposited in a special account established in the Treasury of the United States until the end of the next succeeding marketing year. On certification of the Secretary, there shall be paid out of such special account to a person designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due on wheat marketed in excess of the farm marketing quota for a farm. Such special account shall be administered by the Secretary. The basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(h) Until the amount of the penalty provided by this section is paid, a lien on—

"(1) the wheat with respect to which such penalty is incurred; and

"(2) any subsequent wheat subject to marketing quotas in which the person liable for the payment of such penalty has an interest,

shall be in effect in favor of the United States for the amount of the penalty.

"(i) A person liable for the payment or collection of a penalty on any quantity of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such

penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(j)(1) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"(2) Such termination shall not—

"(A) abate any penalty previously incurred by a producer; or

"(B) relieve any buyer of the duty to remit penalties previously collected.".

REFERENDUM

SEC. 306. Effective only for the 1987 through 1990 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended to read as follows:

"REFERENDUM

"SEC. 336. (a) If a national marketing quota for wheat for the marketing quota period is proclaimed, not later than August 1, 1986, the Secretary shall conduct, by mail ballot, a referendum of eligible producers to determine whether they favor or oppose marketing quotas for such period.

"(b) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in the referendum.

"(c) Not later than 30 days after the conduct of such referendum, the Secretary shall proclaim the results of such referendum.

"(d) If the Secretary determines that 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary shall proclaim that marketing quotas will be in effect for the marketing quota period.".

TRANSFER OF FARM MARKETING QUOTAS

SEC. 307. Effective only for the 1987 through 1990 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1338) is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"SEC. 338. (a) Except as provided in subsection (b), farm marketing quotas shall not be transferable.

"(b) In accordance with regulations prescribed by the Secretary for such purpose—

"(1) the farm marketing quota for a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer; and

"(2) the Secretary may reallocate any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

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LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF WHEAT

SEC. 308. Effective only for the 1986 through 1990 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b–2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) through (4), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1990 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the loan and purchase level determined under paragraph (1) shall not be less than the higher of—

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) $3.55 per bushel.

"(3) Except as provided in paragraph (4), for any crop of wheat for which marketing quotas are not in effect, the loan and purchase level determined under paragraph (1) shall—

"(A) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(B) in the case of each of the 1987 through 1990 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(4)(A) Except as provided in subparagraph (B), for any crop of wheat for which marketing quotas are not in effect, if the Secretary determines that the average price received by producers for wheat in the previous marketing year was not more than 110 percent of the loan and purchase level for wheat for such marketing year or determines that such action is necessary to maintain a competitive market position for wheat, the Secretary—

"(i) in the case of the 1986 crop of wheat, shall reduce the loan and purchase level for wheat for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain but not less than 10 percent of the loan and purchase level for such crop; and

"(ii) in the case of each of the 1987 through 1990 crops of wheat, may reduce the loan and purchase level for wheat for

the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(B) The loan and purchase level may not be reduced under subparagraph (A) by more than 20 percent in any year.

"(C) Any reduction in the loan and purchase level for wheat under this paragraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(5)(A) The Secretary may permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (4), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (4); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(6) For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1990 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2) A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of wheat the producer is eligible to place under loan.

"(3) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of wheat in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop for the farm.

"(B) Payments for any such crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota.

"(C)(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm devote a portion of the permitted wheat acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted wheat acreage of the farm for the crop to conservation uses or nonprogram crops—

"(I) such portion of the permitted wheat acreage of the farm in excess of 8 percent of such acreage devoted to conservation uses or nonprogram crops shall be considered to be planted to wheat for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (f)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii) To be eligible for payments under clause (i), except as provided in clauses (iii) and (vii), the producers on the farm must actually plant wheat for harvest on at least 50 percent of the permitted wheat acreage of the farm.

"(iii) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of wheat for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in such area who were required to forgo the planting of wheat for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers may not plant feed grains, cotton, rice, or soybeans on such acreage.

"(iv) The wheat crop acreage base and wheat farm program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses or nonprogram crops.

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(vi) Any acreage considered to be planted to wheat in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation, set-aside program, or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(vii) This subparagraph shall not apply if the established price for wheat is determined pursuant to subparagraph (H)(i).

"(D)(i) Except as provided in clause (ii), the payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(I) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(II) the loan level determined for such crop, prior to any adjustment made under subsection (a)(4) for the marketing year for such crop of wheat.

"(ii) If the national weighted average market price received by producers during the first 5 months of the marketing year for a crop, as determined by the Secretary, exceeds $2.55 per bushel for the 1986 crop, $2.65 per bushel for the 1987 crop, or $2.82 per bushel for the 1988 crop, at the option of the Secretary, the payment rate for such crop of wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(I) $2.55 per bushel for the 1986 crop, $2.65 per bushel for the 1987 crop, and $2.82 per bushel for the 1988 crop; or

"(II) the loan level determined for such crop, prior to any adjustment made under subsection (a)(4) for the marketing year for such crop of wheat.

"(E)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat under subsection (a)(4), the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, taking into consideration any payments made as the result of subparagraph (D)(ii).

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of wheat under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by producers during the marketing year for such crop, as determined by the Secretary.

"(F) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

"(i) the national average cost of production per bushel of wheat, as determined by the Secretary under subsection (a)(2); or

"(ii) $4.65 per bushel.

"(G) For any crop of wheat for which marketing quotas are not in effect, the established price for wheat shall not be less than $4.38 per bushel for each of the 1986 and 1987 crops, $4.29 per bushel for the 1988 crop, $4.16 per bushel for the 1989 crop, and $4.00 per bushel for the 1990 crop.

"(H) For any crop of wheat for which marketing quotas are not in effect, at the option of the Secretary and subject to subparagraph (G), the established price for wheat applicable to producers may be determined on the basis of—

"(i) the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the crop acreage base for the farm in accordance with an acreage limitation program described in subsection (f)(2); or

"(ii) a graduated scale of production under which the amount of the payments made to the producers would vary for specified

quantities of wheat produced by the producers and such payments would be targeted to commercial family farmers who have annual gross sales in excess of $20,000.

"(I) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(J) The Secretary may pay not more than 5 percent of the total amount of a payment made under this paragraph in the form of wheat. The use of wheat in making payments to producers shall be subject to a determination by the Secretary of the effect that such in-kind payments will have on market prices for any commodity. The Secretary shall report such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(K) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A)(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the average of the established prices for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C.

1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such paymenis among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For any crop of wheat for which marketing quotas are not in effect and an acreage limitation program under subsection (f) is not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than June 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Food Security Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A)(i) Except as provided in subsection (f)(2), the individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(ii) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(iii) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(iv) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quantity of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938.

"(e) The farm program payment yields for farms for each crop of wheat shall be determined under title V.

"(f)(1)(A)(i) Notwithstanding any other provision of this Act, except as provided in subparagraphs (B) through (E), if the Secretary determines that the total supply of wheat, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of wheat for which marketing quotas are not in effect either an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(ii) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

"(iii) If the Secretary elects to put either of such programs into effect for any crop year, the Secretary shall announce such program not later than June 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary

shall announce such program as soon as practicable after the date of enactment of the Food Security Act of 1985.

"(iv) Not later than July 31 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in the program announced under clause (iii) if the Secretary determines that there has been a significant change in the total supply of wheat since the program was first announced.

"(B) In the case of the 1986 crop of wheat, if the Secretary estimates, as soon as practicable after the date of enactment of the Food Security Act of 1985, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will be—

"(i) more than 1,000,000,000 bushels, the Secretary shall provide for—

"(I) an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 15 percent nor more than 22½ percent; and

"(II) a land diversion program (as described in paragraph (5)(A)) with in-kind payments under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by 2½ percent of the wheat crop acreage base, in addition to any reduction required under subclause (I); or

"(ii) 1,000,000,000 bushels or less, the Secretary may provide for—

"(I) an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 15 percent; and

"(II) a land diversion program as described in paragraph (5)(A).

"(C) In the case of the 1987 crop of wheat, if the Secretary estimates, not later than June 1 of the year previous to the year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the marketing year for that crop (not including any quantity of wheat of that crop) will be—

"(i) more than 1,000,000,000 bushels, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 percent but not more than 27½ percent; or

"(ii) 1,000,000,000 bushels or less, the Secretary may provide for such an acreage limitation program under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 20 percent.

"(D) In the case of each of the 1988 through 1990 crops of wheat, if the Secretary estimates, not later than June 1 of the year previous to the year in which the crop is harvested, that the quantity of wheat on hand in the United States on the first day of the market-

ing year for that crop (not including any quantity of wheat of that crop) will be—

"(i) more than 1,000,000,000 bushels, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not less than 20 percent nor more than 30 percent; or

"(ii) 1,000,000,000 bushels or less, the Secretary may provide for such an acreage limitation program under which the acreage planted to wheat for harvest on a farm would be limited to the wheat crop acreage base for the farm for the crop reduced by not more than 20 percent.

"(E) As a condition of eligibility for loans, purchases, and payments for any such crop of wheat, except as provided in subsection (g), the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the land diversion program as provided in paragraph (1)(B)(i)(II).

"(2)(A)(i) If a wheat acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm.

"(ii) If the Secretary elects to determine the established price for wheat applicable to producers as provided in subsection (c)(1)(H)(i), the limitation on the acreage planted to wheat shall be achieved by applying the percentage reductions selected by producers under subsection (c)(1)(H)(i) to the crop acreage base for each wheat-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C) Wheat crop acreage bases for each crop of wheat shall be determined under title V.

"(D)(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (c)(1)(C), the individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for

wheat authorized by this Act (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with the terms of such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C) If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) hay and grazing, in the case of the 1986 crop of wheat; and

"(II) grazing, in the case of each of the 1987 through 1990 crops of wheat.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A)(i) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program, set-aside program, or marketing quotas for wheat are in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(ii) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(iii) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B)(i) Notwithstanding the foregoing provisions of this paragraph, the Secretary shall implement a land diversion program for the 1986 crop of wheat for producers who plant the 1986 crop of wheat before the announcement by the Secretary of the wheat acreage limitation program for that crop under which the Secretary shall make crop retirement and conservation payments to any such producer of the 1986 crop of wheat who—

"(I) reduces the acreage on the farm planted to wheat for harvest so that it does not exceed the wheat crop acreage base for the farm less an amount equivalent to 10 percent of the wheat crop acreage base (in addition to any reduction required under paragraph (2)); and

"(II) devotes to approved conservation uses an acreage of cropland equivalent to the reduction required from the wheat crop acreage base under this paragraph.

"(ii) Payments under clause (i) shall be made in an amount computed by multiplying—

"(I) the diversion payment rate; by

"(II) the acreage diverted under this paragraph; by

"(III) the farm program payment yield for the crop.

"(iii) The diversion payment rate shall be $2.00 per bushel.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

"(D) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(g)(1) The Secretary may, for each of the 1986 through 1990 crops of wheat, make payments available to producers who meet the requirements of this subsection.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to

meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) Except as provided in paragraphs (2) and (3), compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.

"(2) If an acreage limitation program is established for a crop of wheat under subsection (f)(2), producers who participate in the program may not plant acreage of another commodity for which there is an acreage limitation program in effect in excess of the crop acreage base for the crop for the farm.

"(3) If a set-aside program is established for a crop of wheat under subsection (f)(3), compliance on a farm with the terms and conditions of any other commodity program may be required as a condition of eligibility for loans, purchases, or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 309. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d–1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1991.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

SEC. 310. (a) Sections 332, 333, 334, 335, 336, and 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332–1336 and 1338) shall not be applicable to the 1986 crop of wheat.

(b) Sections 331, 339, 379b, and 379c of such Act (7 U.S.C. 1331, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1990 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

SEC. 311. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1990.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1990 CROPS OF WHEAT

SEC. 312. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1990 crops of wheat.

TITLE IV—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1986 through 1990 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) through (4), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1990 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(2) Except as provided in paragraph (3), the loan and purchase level determined under paragraph (1) shall—

"(A) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(B) in the case of each of the 1987 through 1990 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3)(A) Except as provided in subparagraph (B), if the Secretary determines that the average price received by producers for corn in the previous marketing year was not more than 110 percent of the loan and purchase level for corn for such marketing year or determines that such action is necessary to maintain a competitive market position for feed grains, the Secretary—

"(i) in the case of the 1986 crop of corn, shall reduce the loan and purchase level for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain but not less than 10 percent of the loan and purchase level for such crop; and

"(ii) in the case of each of the 1987 through 1990 crops of corn, may reduce the loan and purchase level for corn for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(B) The loan and purchase level may not be reduced under subparagraph (A) by more than 20 percent in any year.

"(C) Any reduction in the loan and purchase level for corn under this paragraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(4)(A) The Secretary may permit a producer to repay a loan made under paragraph (1) or (6) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3); or

"(III) the prevailing world market price for feed grains, as determined by the Secretary.

"(B) If the Secretary permits a producer to repay a loan in accordance with subparagraph (A), the Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for feed grains; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(5) For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1990 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1990 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2) A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of such feed grains the producer is eligible to place under loan.

"(3) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop for the farm.

"(B)(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm devote a portion of the permitted feed grain acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted feed grain acreage of the farm for the crop to conservation uses or nonprogram crops—

"(I) such portion of the permitted feed grain acreage of the farm in excess of 8 percent of such acreage devoted to conservation uses or nonprogram crops shall be considered to be planted to feed grains for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (f)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii) To be eligible for payments under clause (i), except as provided in clause (iii), the producers on the farm must actually plant feed grains for harvest on at least 50 percent of the permitted feed grain acreage of the farm.

"(iii) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of feed grains for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in such area who were required to forgo the planting of feed grains for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers may not plant wheat, cotton, rice, or soybeans on such acreage.

"(iv) The feed grain crop acreage base and feed grain program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses or nonprogram crops.

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this paragraph for any crop on a greater acreage than the acreage actually planted to feed grains.

"(vi) Any acreage considered to be planted to feed grains in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C)(i) Except as provided in clause (ii), the payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(I) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(II) the loan level determined for such crop, prior to any adjustment made under subsection (a)(3) for the marketing year for such crop of corn.

"(ii) If the national weighted average market price received by producers during the first 5 months of the marketing year for a crop, as determined by the Secretary, exceeds $2.04 per bushel for the 1986 crop of corn, $2.19 per bushel for the 1987 crop, and $2.24 per bushel for the 1988 crop, at the option of the Secretary, the payment rate for such crop of corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(I) $2.04 per bushel for the 1986 crop, $2.19 per bushel for the 1987 crop, and $2.24 per bushel for the 1988 crop; or

"(II) the loan level determined for such crop, prior to any adjustment made under subsection (a)(3) for the marketing year for such crop of corn.

"(D)(i) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for feed grains under subsection (a)(4), the Secretary shall provide emergency compensation by increasing the established price payments for feed grains by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made, taking into consideration any payments made as the result of subparagraph (C)(ii).

"(ii) In determining the payment rate, per bushel, for established price payments for a crop of feed grains under this subparagraph, the Secretary shall use the national weighted average market price, per bushel of wheat, received by producers during the marketing year for such crop, as determined by the Secretary.

"(E) The established price for corn shall not be less than $3.03 per bushel for each of the 1986 and 1987 crops, $2.97 per bushel for the 1988 crop, $2.88 per bushel for the 1989 crop, and $2.75 per bushel for the 1990 crop.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) The Secretary may pay not more than 5 percent of the total amount of a payment made under this paragraph in the form of feed grains. The use of feed grains in making payments to producers shall be subject to a determination by the Secretary of the effect that such in-kind payments will have on market prices for any commodity. The Secretary shall report such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(I) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A)(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) Except for a crop with respect to which there is an acreage limitation program in effect under subsection (f), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of feed grains. The proclamation shall be made not later than September 30 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Food Security Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) Except as provided in subsection (f)(2), the individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce

the acreage of feed grains planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e) The farm program payment yields for farms for each crop of feed grains shall be determined under title V.

"(f)(1)(A)(i) Notwithstanding any other provision of this Act, except as provided in subparagraphs (B) through (D), if the Secretary determines that the total supply of feed grains, in the absence of an acreage limitation or set-aside program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of feed grains either an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(ii) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

"(iii) If the Secretary elects to put either of such programs into effect for any crop year, the Secretary shall announce any such program not later than September 30 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Food Security Act of 1985.

"(iv) Not later than November 15 of the year previous to the year in which the crop is harvested, the Secretary may make adjustments in an announcement made under clause (iii) if the Secretary determines that there has been a significant change in the total supply of feed grains since the program was first announced.

"(B) In the case of the 1986 crop of feed grains, if the Secretary estimates, as soon as practicable after the date of enactment of the Food Security Act of 1985, that the quantity of corn on hand in the United States on the first day of the marketing year for that crop (not including any quantity of corn of that crop) will be—

"(i) more than 2,000,000,000 bushels, the Secretary shall provide for—

"(I) an acreage limitation program (as described in paragraph (2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 12½ percent nor more than 17½ percent; and

"(II) a land diversion program (as described in paragraph (5)) with in-kind payments under which the acreage planted to feed grains for harvest on a farm would be limited to the

feed grain acreage crop base for the farm for the crop reduced by not less than an amount equivalent to 2½ percent of the feed grain crop acreage base, in addition to any reduction required under subclause (I); or

"(ii) 2,000,000,000 bushels or less, the Secretary may provide for—

"(I) an acreage limitation program (as described in paragraph (2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not more than 12½ percent; and

"(II) a land diversion program as described in paragraph (5).

"(C) In the case of each of the 1987 through 1990 crops of feed grains, if the Secretary estimates, not later than September 30 of the year previous to the year in which the crop is harvested, that the quantity of corn on hand in the United States on the first day of the marketing year for that crop (not including any quantity of corn of that crop) will be—

"(i) more than 2,000,000,000 bushels, the Secretary shall provide for an acreage limitation program (as described in paragraph (2)) under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not less than 12½ percent nor more than 20 percent; or

"(ii) 2,000,000,000 bushels or less, the Secretary may provide for such an acreage limitation program under which the acreage planted to feed grains for harvest on a farm would be limited to the feed grain crop acreage base for the farm for the crop reduced by not more than 12½ percent.

"(D) As a condition of eligibility for loans, purchases, and payments for any such crop of feed grains, except as provided in subsection (g), the producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the land diversion program, as provided in paragraph (1)(B)(i)(I).

"(2)(A) If a feed grain acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction to the feed grain crop acreage base for the crop for each feed grain-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D) Feed grain crop acreage bases for each crop of feed grains shall be determined under title V.

"(E)(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as otherwise provided in subsection (c)(1)(B), the individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), as a condition of eligibility for loans, purchases, and payments for feed grains authorized by this Act (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with the terms of such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) hay and grazing, in the case of the 1986 crop of feed grains; and

"(II) grazing, in the case of each of the 1987 through 1990 crops of feed grains.

"(ii) Haying and grazing shall not be permitted for any crop of feed grains under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage.

"(D) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appro-

priate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(8) Notwithstanding the foregoing provisions of this subsection, in carrying out the program conducted under this subsection, the Secretary may prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national production targets.

"(g)(1) The Secretary may, for each of the 1986 through 1990 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this subsection.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) Except as provided in paragraphs (2) and (3), compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.

"(2) If an acreage limitation program is established for a crop of feed grains under subsection (f)(2), producers who participate in the program may not plant acreage of another commodity for which there is an acreage limitation program in effect in excess of the crop acreage base for the crop for the farm.

"(3) If a set-aside program is established for a crop of feed grains under subsection (f)(3), compliance on a farm with the terms and conditions of any other commodity program may be required as a condition of eligibility for loans, purchases, or payments under this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1990 CROPS OF FEED GRAINS

SEC. 402. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1990 crops of feed grains.

PRICE SUPPORT FOR CORN SILAGE

SEC. 403. (a) Notwithstanding any other provision of law, effective only for each of the 1986 through 1990 crops of feed grains, the Secretary of Agriculture may make available loans and purchases, as provided in this section, to producers on a farm who—

(1) for silage—

(A) cut corn (including mutilated corn) that the producers have produced in such crop year; or

(B) purchase or exchange corn (including mutilated corn) that has been produced in such crop year by another producer (including a producer that is not participating in an acreage limitation or set-aside program for such crop established by the Secretary); and

(2) participate in an acreage limitation or set-aside program for such crop of corn established by the Secretary.

(b) Such loans and purchases may be made on a quantity of corn of the same crop, other than the corn obtained for silage, acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of corn obtained for silage; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such silage was obtained.

TITLE V—COTTON

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF UPLAND COTTON

SEC. 501. Effective only for the 1986 through 1990 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1990 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level, per pound, as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States at a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1990 crops of upland cotton, the smaller of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan level is announced, of the 5 lowest-priced growths of the growths quoted for Middling one and three-thirty-seconds inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9)).

"(2)(A) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop nor below 50 cents per pound.

"(B) If for any crop the average northern European price determined under paragraph (a)(B)(ii) is less than the average United States spot market price determined under paragraph (1)(B)(i), the Secretary may increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under paragraph (1)(B)(i).

"(3) The loan level for any crop of upland cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Food Security Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) If the Secretary determines that the prevailing world market price for upland cotton (adjusted to United States quality and location) is below the loan level determined under the foregoing provisions of this subsection, in order to make United States upland cotton competitive in world markets, the Secretary shall implement the provisions of Plan A or Plan B in accordance with this paragraph.

"(B) If the Secretary elects to implement Plan A, the Secretary shall permit a producer to repay a loan made for any crop at a level determined and announced by the Secretary at the same time the Secretary announces the loan level for such crop as determined under paragraph (3). Such repayment level for loans on such crops shall not be less than 80 percent of the loan level determined for the crop. Such repayment level, once announced for the crop, shall not thereafter be changed.

"(C)(i) If the Secretary elects to implement Plan B, except as provided in clause (ii), the Secretary shall permit a producer to repay a loan made for any crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the prevailing world market price for upland cotton (adjusted to United States quality and location), as determined by the Secretary.

"(ii) For each of the 1987 through 1990 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(I) minimize potential loan forfeitures;

"(II) minimize the accumulation of cotton stocks by the Federal Government;

"(III) minimize the cost incurred by the Federal Government in storing cotton; and

"(IV) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(D)(i) Notwithstanding any other provision of law, during the period beginning August 1, 1986, and ending July 31, 1991, if a program carried out under Plan A or Plan B fails to make United States upland cotton fully competitive in world markets and the prevailing world market price of upland cotton (adjusted to United States quality and location), as determined by the Secretary, is below the current loan repayment rate for upland cotton determined under subparagraph (A), to make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of upland cotton produced in the United States, the Secretary shall provide for the issuance of negotiable marketing certificates in accordance with this subparagraph.

"(ii) The Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of negotiable marketing certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this subparagraph. Such payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make upland cotton produced in the United States available at competitive prices, consistent with the purposes of this subparagraph, including such payments as may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

"(iii) The value of each certificate issued under clause (ii) shall be based on the difference between—

"(I) the loan repayment rate for upland cotton under Plan A or Plan B, as the case may be; and

"(II) the prevailing world market price of upland cotton, as determined by the Secretary under a published formula submitted for public comment before its adoption.

"(iv) The Commodity Credit Corporation, under regulations prescribed by the Secretary, may assist any person receiving marketing certificates under this subparagraph in the redemption of certificates for cash, or marketing or exchange of such certificates for (I) upland cotton owned by the Commodity Credit Corporation or (II) (if the Secretary and the person agree) other agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this subparagraph. Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph.

"(v) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the

certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(vi) The Secretary shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and products for certificates under this section from adversely affecting the income of producers of such commodities or products.

"(vii) Under regulations prescribed by the Secretary, certificates issued to cotton handlers under this subparagraph may be transferred to other handlers and persons approved by the Secretary.

"(E)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for cotton.

"(ii) Not later than 90 days after the date of enactment of the Food Security Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(iii) The prevailing world market price established under this subparagraph shall be used for purposes of both Plan A and Plan B and marketing certificates under subparagraph (D).

"(b)(1) The Secretary may, for each of the 1986 through 1990 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2) A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of upland cotton the producer is eligible to place under loan.

"(3) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(5) The Secretary may make up to one-half the amount of a payment under this subsection available in the form of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of upland cotton in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage; by

"(iii) the farm program payment yield established for the crop for the farm.

"(B)(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of upland cotton and the producers on a farm devote a portion of the permitted upland cotton acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted upland cotton acreage of the farm for the crop to conservation uses or nonprogram crops—

"(I) such portion of the permitted upland cotton acreage in excess of 8 percent of such acreage devoted to conservation uses or nonprogram crops shall be considered to be planted to upland cotton for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (f)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii) To be eligible for payments under clause (i), except as provided in clause (iii), the producers on the farm must actually plant upland cotton for harvest on at least 50 percent of the permitted upland cotton acreage of the farm.

"(iii) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of upland cotton for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in such area who were required to forgo the planting of upland cotton for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers may not plant wheat, feed grains, rice, cotton, or soybeans on such acreage.

"(iv) The upland cotton crop acreage base and upland cotton farm program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses or nonprogram crops.

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this subsection for any crop on a greater acreage than the acreage actually planted to upland cotton.

"(vi) Any acreage considered to be planted to upland cotton in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) The payment rate for upland cotton shall be the amount by which the established price for the crop of upland cotton exceeds the higher of—

"(i) the national average market price received by producers during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(D) The established price for upland cotton shall not be less than $0.81 per pound for the 1986 crop, $0.794 per pound for the 1987 crop, $0.77 per pound for the 1988 crop, $0.745 per pound for the 1989 crop, and $0.729 per pound for the 1990 crop.

"(E) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(F) The Secretary may pay not more than 5 percent of the total amount of a payment made under this paragraph in the form of upland cotton. The use of upland cotton in making payments to producers shall be subject to a determination by the Secretary of the effect that such in-kind payments will have on market prices for any commodity. The Secretary shall report such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(G) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A)(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for upland cotton to upland cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to upland cotton for harvest (including any acreage that the producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of upland cotton held by the Commodity Credit Corporation.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of upland cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the upland cotton acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the upland cotton acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting upland cotton or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) Except for a crop with respect to which there is an acreage limitation program in effect under subsection (f), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of upland cotton. The proclamation shall be made not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the enactment of the Food Security Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consider-

ation the estimated carryover supply, so as to provide for an adequate but not excessive total supply of upland cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(2) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(3)(A) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of upland cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of upland cotton planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of upland cotton planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the forgoing provisions of this subsection.

"(e) The farm program payment yields for farms for each crop of upland cotton shall be determined under title V.

"(f)(1)(A) Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of upland cotton, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of upland cotton an acreage limitation program as described in paragraph (2).

"(B) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

"(C) If the Secretary elects to put an acreage limitation program into effect for any crop year, the Secretary shall announce any such program not later than November 1 of the calendar year preceding the year in which the crop is harvested, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the enactment of the Food Security Act of 1985.

"(D) The Secretary shall, to the maximum extent practicable, carry out an acreage limitation program described in paragraph (2) for a crop of upland cotton in a manner that will result in a carryover of 4 million bales of upland cotton.

"(2)(A) If a upland cotton acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (not to exceed 25 percent) to the upland cotton crop acreage base for the crop for each upland cotton-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C) Upland cotton crop acreage bases for each crop of upland cotton shall be determined under title V.

"(D)(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as provided in subsection (c)(1)(B), the individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) hay and grazing, in the case of the 1986 crop of upland cotton; and

"(II) grazing, in the case of each of the 1987 through 1990 crops of upland cotton.

"(ii) Haying and grazing shall not be permitted for any crop of upland cotton under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(4)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1990 crops of upland cotton, make payments available to producers who meet the requirements of this subsection.

"(2) Such payments shall be—

"(A) made in the form of upland cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such upland cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of upland cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) Notwithstanding any other provision of law, except as provided in paragraph (2), compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.

"(2) The Secretary may require that, as a condition of eligibility of producers on a farm for loans or payments under this section, the acreage planted for harvest on the farm to any other commodity for which an acreage limitation program is in effect shall not exceed the crop acreage base for that commodity.

"(3) The Secretary may not require producers on a farm, as a condition of eligibility for loans or payments under this section for such farm, to comply with the terms and conditions of the upland cotton program with respect to any other farm operated by such producers.

"(o)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceed-

ed 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 502. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1986 through 1990 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 503. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1991, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per

centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 504. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1990 crops.

SKIPROW PRACTICES

SEC. 505. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

PRELIMINARY ALLOTMENTS FOR 1991 CROP OF UPLAND COTTON

SEC. 506. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1991 crop.

EXTRA LONG STAPLE COTTON

SEC. 507. Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amended—

(1) in paragraph (2)—

(A) in the first sentence, by striking out "50 per centum in excess of the loan level established for each crop of Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States" and inserting in lieu thereof "85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.";

(B) by striking out "November" in the last sentence and inserting in lieu thereof "December"; and

(C) by striking out in the last sentence ", or within 10 days after the loan level for the related crop of upland cotton is announced, whichever is later,"; and

(2) by adding at the end thereof the following new paragraph:

"(19) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1991 and subsequent crops of extra long staple cotton.".

TITLE VI—RICE

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, ACREAGE LIMITATION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1990 CROPS OF RICE

SEC. 601. Effective only for the 1986 through 1990 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"SEC. 101A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1990 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1990 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of rice, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan and purchase level and the established price for each of the 1986 through 1990 crops of rice shall be announced not later than January 31 of each calendar year for the crop harvested in such calendar year.

"(4) A loan made under this section shall have a term of not more than 9 months beginning after the month in which the application for the loan is made.

"(5)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the loan level determined for such crop multiplied by 50 percent for each of the 1986 and 1987 crops, 60 percent for the 1988 crop, and 70 percent for each of the 1989 and 1990 crops; or

"(II) the prevailing world market price for rice, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i) As a condition of permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase marketing certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment. Such certificates shall be negotiable.

"(ii) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary. If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location outside of such State as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(iii) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing of such certificates. Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(iv) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(6) For purposes of this section, the simple average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1990 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2) A payment under this subsection shall be computed by multiplying—

"(A) the loan payment rate; by

"(B) the quantity of rice the producer is eligible to place under loan.

"(3) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(A) the individual farm program acreage for the crop; by

"(B) the farm program payment yield established for the farm.

"(4) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(A) the loan level determined for such crop under subsection (a); exceeds

"(B) the level at which a loan may be repaid under subsection (a).

"(5) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable marketing certificates, subject to the terms and conditions provided in subsection (a)(5)(C).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1990 crops of rice in an amount computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage; by

"(iii) the farm program payment yield established for the crop for the farm.

"(B)(i) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm devote a portion of the permitted rice acreage of the farm (as determined in accordance with subsection (f)(2)(A)) equal to more than 8 percent of the permitted rice acreage of the farm for the crop to conservation uses or nonprogram crops—

"(I) such portion of the permitted rice acreage in excess of 8 percent of such acreage devoted to conservation uses or nonprogram crops shall be considered to be planted to rice for the purpose of determining the individual farm program acreage in accordance with subsection (f)(2)(E) and for the purpose of determining the acreage on the farm required to be devoted to conservation uses in accordance with subsection (f)(2)(D); and

"(II) the producers shall be eligible for payments under this paragraph on such acreage, subject to the compliance of the producers with clause (ii).

"(ii) To be eligible for payments under clause (i), except as provided in clause (iii), the producers on the farm must actually plant rice for harvest on at least 50 percent of the permitted rice acreage of the farm.

"(iii) If a State or local agency has imposed in an area of a State or county a quarantine on the planting of rice for harvest on farms in such area, the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may recommend to the Secretary that payments be made under this paragraph, without regard to the requirement imposed under clause (ii), to producers in such area who were required to forgo the planting of rice for harvest on acreage to alleviate or eliminate the condition requiring such quarantine. If the Secretary determines that such condition exists, the Secretary may make payments under this paragraph to such producers. To be eligible for payments under this clause, such producers may not plant wheat, feed grains, cotton, or soybeans on such acreage.

"(iv) The rice crop acreage base and rice farm program payment yield of the farm shall not be reduced due to the fact that such portion of the permitted acreage of the farm was devoted to conserving uses or nonprogram crops.

"(v) Other than as provided in clauses (i) through (iv), payments may not be made under this subsection for any crop on a greater acreage than the acreage actually planted to rice.

"(vi) Any acreage considered to be planted to rice in accordance with clause (i) may not also be designated as conservation use acreage for the purpose of fulfilling any provisions under any acreage

limitation or land diversion program requiring that the producers devote a specified acreage to conservation uses.

"(C) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(D) The established price for rice shall not be less than $11.90 per hundredweight for the 1986 crop, $11.66 per hundredweight for the 1987 crop, $11.30 per hundredweight for the 1988 crop, $10.95 per hundredweight for the 1989 crop, and $10.71 per hundredweight for the 1990 crop.

"(E) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(F) The Secretary may pay not more than 5 percent of the total amount of a payment made under this paragraph in the form of rice. The use of rice in making payments to producers shall be subject to a determination by the Secretary of the effect that such in-kind payments will have on market prices for any commodity. The Secretary shall report such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(G) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A)(i) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(I) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(II) 75 percent of the farm program payment yield established for the farm by the Secretary; by

"(III) a payment rate equal to 33⅓ percent of the established price for the crop.

"(ii) Payments made by the Secretary under this subparagraph may be made in the form of cash or from stocks of rice held by the Commodity Credit Corporation.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established for the farm for such crop by the acreage

planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) Except for a crop with respect to which there is an acreage limitation program in effect under subsection (f), the Secretary shall proclaim a national program acreage for each of the 1986 through 1990 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the

quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the crop acreage base established for the farm under title V by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the crop acreage base established for the farm under title V, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(e) The farm program payment yields for farms for each crop of rice shall be determined under title V.

"(f)(1)(A) Notwithstanding any other provision of this Act, if the Secretary determines that the total supply of rice, in the absence of an acreage limitation program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency, the Secretary may provide for any crop of rice an acreage limitation program as described in paragraph (2).

"(B) In making a determination under clause (i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under section 1231 of the Food Security Act of 1985.

"(C) If the Secretary elects to put an acreage limitation program into effect for any crop year, the Secretary shall announce any such program not later than January 31 of the calendar year in which the crop is harvested.

"(D) The Secretary shall, to the maximum extent practicable, carry out an acreage limitation program described in paragraph (2) for a crop of rice in a manner that will result in a carryover of 30 million hundredweight of rice.

"(2)(A) If a rice acreage limitation program is announced under paragraph (1), such limitation shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the rice crop acreage base for the crop for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm,

as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C) Rice crop acreage bases for each crop of rice shall be determined under title V.

"(D)(i) A number of acres on the farm shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. Such number shall be determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. Except as provided in subsection (c)(1)(B), the individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) hay and grazing, in the case of the 1986 crop of rice; and

"(II) grazing, in the case of each of the 1987 through 1990 crops of rice.

"(ii) Haying and grazing shall not be permitted for any crop of rice under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(4)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage

of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) The reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1990 crops of rice, make payments available to producers who meet the requirements of this subsection.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the crop acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) Notwithstanding any other provision of law, except as provided in paragraph (2), compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.

"(2) The Secretary may require that, as a condition of eligibility of producers on a farm for loans, purchases, or payments under this section, the acreage planted for harvest on the farm to any other commodity for which an acreage limitation program is in effect shall not exceed the crop acreage base established for the farm for that commodity.

"(3) The Secretary may not require producers on a farm, as a condition of eligibility for loans, purchases, or payments under this section for such farm, to comply with the terms and conditions of the rice program with respect to any other farm operated by such producers.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

SEC. 602. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i) Beginning April 15, 1986, the Secretary shall permit an eligible producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the prevailing world market price for rice, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for rice; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(iii) To be eligible to repay a loan in accordance with clause (i), a producer must have a loan made under subparagraph (A) outstanding on April 15, 1986.

"(iv) A loan made under this subsection shall have a term of not more than 9 months beginning after the month in which the application for the loan is made. The Secretary may extend the maturity date of loans made for the 1985 crop of rice as necessary to permit the orderly marketing of such rice.

"(v) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase negotiable marketing certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment. Such certificates shall be negotiable.

"(vi) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary. If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location outside of such State as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(vii) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving marketing certificates under this subparagraph in the redemption or marketing of such certificates. Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(viii) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) Beginning April 15, 1986, the Secretary shall, for the 1985 crop of rice, make payments available to—

"(I) producers who have produced rice, and although eligible to obtain a loan or purchase agreement under this subsection did not obtain such loan or agreement, and have not sold or delivered such rice under a sales contract; and

"(II) producers who have produced rice that is not eligible to be placed under loan and have not sold or delivered such rice under a sales contract.

"(ii) A payment under this subparagraph shall be computed by multiplying—

"(I) the loan payment rate; by

"(II) the quantity of rice the producer has not sold or delivered under a sales contract.

"(iii) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(I) the loan level determined for the 1985 crop; exceeds

"(II) the level at which a loan may be repaid under subparagraph (B).

"(iv) The Secretary may make all or part of a payment under this subparagraph in the form of negotiable marketing certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) The payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (B); or

"(ii) any payment received for a crop of rice under subparagraph (C).".

MARKETING CERTIFICATES

SEC. 603. (a) Notwithstanding any other provision of law, whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for a class of rice (adjusted to United States qualities and location), as determined by the Secretary of Agriculture, is below the current loan repayment rate for that class of rice, to make United States rice competitive in world markets and to maintain and expand exports of rice produced in the United States, the Commodity Credit Corporation, under such regulations as the Secretary may prescribe, shall make payments, through the issuance of negotiable marketing certificates, to persons who have entered into an agreement with the Commodity Credit Corporation to participate in the program established under this section. Such payments shall be made in such monetary amounts and subject to such terms and conditions as the Secretary determines will make rice produced in the United States available at competitive prices consistent with the purposes of this section, including such payments as may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

(b) The value of each certificate issued under subsection (a) shall be based on the difference between—

(1) the loan repayment rate for the class of rice; and

(2) the prevailing world market price for the class of rice, as determined by the Secretary of Agriculture under a published formula submitted for public comment before its adoption.

(c) The Commodity Credit Corporation, under regulations prescribed by the Secretary of Agriculture, may assist any person receiving marketing certificates under this section in the redemption of certificates for cash, or marketing or exchange of such certificates

for (1) rice owned by the Commodity Credit Corporation or (2) (if the Secretary and the person agree) other agricultural commodities or the products thereof owned by the Commodity Credit Corporation, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program established under this section. Notwithstanding any other provision of law, any price restrictions that may otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this section.

(d) Insofar as practicable, the Secretary shall permit owners of certificates to designate the commodities and the products thereof, including storage sites thereof, such owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of such certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

(e) The Secretary of Agriculture shall take such measures as may be necessary to prevent the marketing or exchange of agricultural commodities and the products thereof for certificates under this section from adversely affecting the income of producers of such commodities or products.

(f) Under regulations prescribed by the Secretary of Agriculture, certificates issued to rice exporters under this section may be transferred to other exporters and persons approved by the Secretary.

TITLE VII—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 701. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1990 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j)).

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h)).

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359(a), (b), (d), (e)).

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.).

(5) Section 371 (7 U.S.C. 1371).

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

SEC. 702. Effective only for the 1986 through 1990 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358) is amended by adding at the end thereof the following:

"(q)(1) The national poundage quota for peanuts for each of the 1986 through 1990 marketing years shall be established by the Secretary at a level that is equal to the quantity of peanuts (in tons) that the Secretary estimates will be devoted in each such marketing

year to domestic edible, seed, and related uses, except that the national poundage quota for any such marketing year shall not be less than 1,100,000 tons.

"(2) The national poundage quota for a marketing year shall be announced by the Secretary not later than December 15 preceding such marketing year.

"(r) The national poundage quota established under subsection (q) shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1)(A) A farm poundage quota for each of the 1986 through 1990 marketing years shall be established—

"(i) for each farm that had a farm poundage quota for peanuts for the 1985 marketing year; and

"(ii) if the poundage quota apportioned to a State under subsection (r) for any such marketing year is larger than such quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

"(B) The farm poundage quota for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A)(i) of the preceding sentence shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under paragraph (2), but not including—

"(i) any increases for undermarketings from previous years; or

"(ii) any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

The farm poundage quota, if any, for each of the 1986 through 1990 marketing years for each farm described in subparagraph (A)(ii) shall be equal to the quantity of peanuts allocated to such farm for such year under paragraph (2).

"(C) For purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a, the receiving farm shall be considered as possessing the farm poundage quotas (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2)(A) If the poundage quota apportioned to a State under subsection (r) for any of the 1986 through 1990 marketing years is increased over the poundage quota apportioned to the State for the immediately preceding marketing year, such increase shall be allocated equally among—

"(i) all farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(ii) all other farms in the State on each of which peanuts were produced in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

"(B) If the poundage quota apportioned to a State under subsection (r) for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State under such subsection for the immediately preceding marketing year, such

decrease shall be allocated among all the farms in the State for each of which a farm poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made.

"(3)(A) Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1986 through 1990 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years preceding the marketing year for which the determination is being made was not produced, or considered produced, on the farm.

"(B) For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include—

"(i) any increases for undermarketing of quota peanuts from previous years; or

"(ii) any increase resulting from the allocation of quotas voluntarily released for one year under paragraph (7).

"(4) For purposes of this subsection, the farm poundage quota shall be considered produced on a farm if—

"(A) the farm poundage quota was not produced on the farm because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for the farm was released voluntarily under paragraph (7) for only 1 of the 3 marketing years immediately preceding the marketing year for which the determination is being made.

"(5) Notwithstanding any other provision of law—

"(A) the farm poundage quota established for a farm under this subsection, or any part of such quota, may be permanently released by the owner of the farm, or the operator with the permission of the owner; and

"(B) the poundage quota for the farm for which such quota is released shall be adjusted downward to reflect the quota that is so released.

"(6)(A) Except as provided in subparagraph (B), the total amount of the farm poundage quotas reduced or voluntarily released from farms in a State for any marketing year under paragraphs (3) and (5) shall be allocated, as the Secretary may by regulation prescribe, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year for which such allocation is being made.

"(B) Not less than 25 percent of such total amount of farm poundage quota in the State shall be allocated to farms for which no farm poundage quota was established for the immediately preceding year's crop.

"(7)(A) The farm poundage quota, or any portion thereof, established for a farm for a marketing year may be voluntarily released to the Secretary to the extent that such quota, or any part thereof, will not be produced on the farm for the marketing year. Any farm poundage quota so released in a State shall be allocated to other farms in the State on such basis as the Secretary may by regulation prescribe.

"(B) Any adjustment in the farm poundage quota for a farm under subparagraph (A) shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a farm poundage quota for the farm from which such quota was released for any subsequent marketing year.

"(8)(A) Except as provided in subparagraph (B), the farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of applicable farm poundage quotas (disregarding adjustments for undermarketings from previous marketing years) for such marketing years.

"(B) For purposes of subparagraph (A), no increase for undermarketings in previous marketing years shall be made to the poundage quota for any farm to the extent that the poundage quota for such farm for the marketing year was reduced under paragraph (3) for failure to produce.

"(C) Any increases in farm poundage quotas under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

"(D) Any increase in the farm poundage quota for a farm for a marketing year under this paragraph may be used during the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation prescribe.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) exceeds 10 percent of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 percent of the national poundage quota.

"(t)(1) For each farm for which a farm poundage quota is established under subsection (s), and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm out of the 5 crop years 1973 through 1977.

"(3) If peanuts were not produced on the farm in at least 3 years during such 5-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u)(1) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referen-

dum is held to determine whether such producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the five calendar years immediately following the yea.' in which the referendum is held, except that, if as many as two-thirds of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, fourth, and fifth years of the period.

"(2) The Secretary shall proclaim the result of the referendum within 30 days after the date on which it is held. "(3) If more than one-third of the producers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949:

"(1) The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year; and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s).

"(2) The term 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary.

"(3) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (2)) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c), are unique strains, and are not commercially available.

"(4) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s), that—

"(A) are eligible for domestic edible use as determined by the Secretary;

"(B) are marketed or considered marketed from a farm; and

"(C) do not exceed the farm poundage quota of such farm for such year.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 703. Effective only for the 1986 through 1990 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a) is amended by adding at the end thereof the following:

"(k)(1) Subject to such terms, conditions, or limitations as the Secretary may prescribe, the owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been

established under this Act may sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm, except that any such lease of poundage quota may be entered into in the fall or after the normal planting season but only—

"(A) if the quota has been planted on the farm from which the quota is to be leased; and

"(B) under such terms and conditions as the Secretary may by regulation prescribe.

"(2) The owner or operator of a farm may transfer all or any part of the farm poundage quota for such farm to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop.

"(3) Notwithstanding paragraphs (1) and (2), in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to all of the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 704. Effective only for the 1986 through 1990 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359) is amended by adding at the end thereof the following:

"(m)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 percent of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning August 1 and ending July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are—

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(ii) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949; or

"(iii) marketed under contracts between handlers and producers pursuant to subsection (q).

"(2) Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent. Such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(3) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(4) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(5) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t), times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. Any penalty payable under this paragraph shall be paid and remitted by the producer.

"(6) The Secretary shall authorize, under such regulations as the Secretary shall issue, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(7) Errors in weight that do not exceed one-tenth of 1 percent in the case of any one marketing document shall not be considered to be marketing violations except in cases of fraud or conspiracy.

"(n)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm. When so retained, quota peanuts shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c), are unique strains, and are not commercially available.

"(2) Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r).

"(3) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reason-

ably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts by a handler shall not be required under paragraph (1) if the handler agrees in writing, prior to any handling or disposal of such peanuts, to comply with regulations that the Secretary shall issue.

"(B) The regulations issued by the Secretary under subparagraph (A) shall include, but need not be limited to, the following provisions:

"(i) Handlers of shelled or milled peanuts may export peanuts classified by type in all of the following quantities (less such reasonable allowance for shrinkage as the Secretary may prescribe):

"(I) Sound split kernel peanuts in an amount equal to twice the poundage of such peanuts purchased by the handler as additional peanuts.

"(II) Sound mature kernel peanuts in an amount equal to the poundage of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernel peanuts purchased by the handler as additional peanuts.

"(III) The remaining quantity of total kernel content of peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(ii) Handlers shall ensure that any additional peanuts exported are evidenced by onboard bills of lading, other appropriate documentation as may be required by the Secretary, or both.

"(iii) If a handler suffers a loss of peanuts as a result of fire, flood, or any other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total peanut purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) A handler shall submit to the Secretary adequate financial guarantees, as well as evidence of adequate facilities and assets, to ensure the handler's compliance with the obligation to export peanuts.

"(4) Quota and additional peanuts of like type and segregation or quality may, under regulations issued by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(5)(A) Except as provided in subparagraph (B), the failure by a handler to comply with regulations issued by the Secretary govern-

ing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(B) A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(6) If any additional peanuts exported by a handler are reentered into the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts reentered.

"(q)(1) Handlers may, under such regulations as the Secretary may issue, contract with producers for the purchase of additional peanuts for crushing, export, or both.

"(2) Any such contract shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval before August 1 of the year in which the crop is produced.

"(3) Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r)(1) Subject to section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use, in accordance with regulations issued by the Secretary, so long as doing so does not result in substantially increased cost to the Commodity Credit Corporation. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

"(B) not less than 105 percent of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; or

"(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(2)(A) Except as provided in subparagraph (B), for the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price, as determined under this subsection, equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts.

"(B) The area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by subparagraph (A) to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate per annum of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) This section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulation may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

"(B) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(C) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5)(A) Notwithstanding any other provision of law and except as provided in subparagraph (B), the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation on which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.

"(B) The amount of any penalty imposed on a handler under this section that resulted from the failure to export contracted additional peanuts may not be reduced by the Secretary.".

PRICE SUPPORT PROGRAM

SEC. 705. Effective only for the 1986 through 1990 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A the following:

"PRICE SUPPORT FOR 1986 THROUGH 1990 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law:

"(1)(A) The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1990 crops.

"(B)(i) The national average quota support rate for the 1986 crop of quota peanuts shall be equal to the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary by a percentage equal to the percentage of any increase in the prices paid by producers for commodities and services, interest, taxes, and wage rates during the period beginning with calendar year 1981 and ending with calendar year 1985, as determined by the Secretary.

"(ii) The national average quota support rate for each of the 1987 through 1990 crops of quota peanuts shall be the national average quota support rate for the immediately preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 percent the national average quota support rate for the preceding crop.

"(C) The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage.

"(D) The Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

"(E) The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(2)(A) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1990 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, except that the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(B) The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(3)(A)(i) In carrying out paragraphs (1) and (2), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7 of the Code of Federal Regulations (January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938.

"(ii) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(iii) Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(B)(i) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing such pools.

"(ii) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

"(I) For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts, to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts.

"(II) For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in subclause (I).

"(4) Notwithstanding any other provision of this section:

"(A) Any distribution of net gains on additional peanuts shall be first reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

"(B)(i) The proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under section 358(s)(8) of the Agricultural Adjustment Act of 1938.

"(ii) Losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by any gains or profits from pools in other production areas (other than separate type pools established under paragraph (3)(B)(i) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

"(5) Notwithstanding any other provision of law, no price support may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 706. Effective only for the 1986 through 1990 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before "all brokers and dealers in peanuts" the following: "all producers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 707. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1990 crops of peanuts.

TITLE VIII—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 801. Effective only for the 1986 through 1990 crops of soybeans, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended by—

(1) inserting "soybeans," after "tung nuts," in the first sentence; and

(2) adding at the end thereof the following new subsection:

"(i)(1)(A) The Secretary shall support the price of soybeans through loans and purchases in each of the 1986 through 1990 marketing years as provided in this subsection.

"(B) The support price for the 1986 and 1987 crops of soybeans shall be $5.02 per bushel.

"(C) The support price for each of the 1988 through 1990 crops of soybeans shall be established at a level equal to 75 percent of the simple average price received by producers for soybeans in the preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the level of price support may not be reduced by more than 5 percent in any year and in no event below $4.50 per bushel.

"(2) If the Secretary determines that the level of loans or purchases computed for a marketing year under paragraph (1) would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for soybeans for the marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases may not be reduced by more than 5 percent in any year and in no event below $4.50 per bushel. Any reduction in the loan and purchase level for soybeans under this paragraph shall not be considered in determining the loan and purchase level for soybeans for subsequent years.

"(3)(A) If the Secretary determines that such action will assist in maintaining the competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary may permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for soybeans, as determined by the Secretary.

"(B) If the Secretary makes the determination described in subparagraph (A), the Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for soybeans; and

"(ii) a mechanism by which the Secretary shall periodically announce the prevailing world market price for soybeans.

"(4) For purposes of this subsection, the soybean marketing year is the 12-month period beginning on September 1 and ending on August 31.

"(5)(A) The Secretary shall make a preliminary announcement of the level of price support for soybeans for a marketing year not earlier than 30 days before the beginning of the marketing year. The announced level shall be based on the latest information and statistics available at the time of the announcement.

"(B) The Secretary shall make a final announcement of such level as soon as complete information and statistics are available on prices for the 5 years preceding the beginning of the marketing year. Such final level of support may not be announced later than October 1 of the marketing year with respect to which the announcement is made. The final level of support may not be less than the level of support provided for in the preliminary announcement.

"(6) Notwithstanding any other provision of law—

"(A) the Secretary shall not require participation in any production adjustment program for soybeans or any other commodity as a condition of eligibility for price support for soybeans;

"(B) the Secretary shall not permit the planting of soybeans for harvest on reduced acreage or acreage set aside or diverted from production under any other Federal Government program;

"(C) the Secretary may not authorize payments to producers to cover the cost of storing soybeans; and

"(D) soybeans may not be considered an eligible commodity for any reserve program.".

TITLE IX—SUGAR

SUGAR PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1990 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 801 of this Act) is further amended by—

(1) striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof the following new subsection:

"(j)(1) The price of each of the 1986 through 1990 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar, except that such level may be increased under paragraph (4).

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines is fair and reasonable in relation to the loan level for sugarcane.

"(4)(A) The Secretary may increase the support price for each of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

"(B) If the Secretary makes a determination not to increase the support price under subparagraph (A), the Secretary shall submit a report containing the findings, decision, and supporting data for such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) The Secretary shall announce the loan rate to be applicable during any fiscal year under this subsection as far in advance of the beginning of that fiscal year as is practicable consistent with the purposes of this subsection.

"(6) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

PREVENTION OF SUGAR LOAN FORFEITURES

SEC. 902. (a) Beginning with the quota year for sugar imports which begins after the 1985/1986 quota year, the President shall use all authorities available to the President as is necessary to enable the Secretary of Agriculture to operate the sugar program established under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

(b) Effective only for the 1985/1986 quota year for sugar imports, the President shall—

(1) modify the 1985/1986 quota year for imports for sugar so that such quota year will end no earlier than December 31, 1986, and rearrange the shipping schedules so that shipments are divided equally throughout the quota year, as extended; or

(2) require that the sugar program be administered in such a manner as will result in the forfeiture of sugar held by the Commodity Credit Corporation as collateral for price support loans in a quantity no greater than the total quantity (determined by the Secretary of Agriculture) that would have been

forfeited to the Commodity Credit Corporation had the 1985/1986 quota year been modified as prescribed in clause (1).

(c) Beginning with the quota year for sugar imports which begins after the 1985/1986 quota year, the President shall not allocate any of the sugar import quota under such provisions to any country that is a net importer of sugar derived from sugarcane or sugar beets unless the appropriate officials of that country verify to the President that that country does not import for reexport to the United States any sugar produced in Cuba.

PROTECTION OF SUGAR PRODUCERS

SEC. 903. (a) Section 401(e) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)) is amended by—

(1) inserting "(1)" after the subsection designation; and

(2) adding at the end thereof the following new paragraph:

"(2)(A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugarcane, because of the bankruptcy or other insolvency of the processor, to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, on demand made by such producers and on such assurances as to nonpayment as the Secretary shall require, shall pay such producers such maximum benefits less benefits previously received by such producers.

"(B) On such payment, the Secretary shall—

"(i) be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment; and

"(ii) have authority to pursue such claims as necessary to recover the benefits not paid to the producers.

"(C) The Secretary shall carry out this paragraph through the Commodity Credit Corporation.".

(b) The amendments made by this section shall apply to nonpayments occurring after January 1, 1985.

TITLE X—GENERAL COMMODITY PROVISIONS

SUBTITLE A—MISCELLANEOUS COMMODITY PROVISIONS

PAYMENT LIMITATIONS

SEC. 1001. Notwithstanding any other provision of law:

(1) For each of the 1986 through 1990 crops, the total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for wheat, feed grains, upland cotton, extra long staple cotton, and rice may not exceed $50,000.

(2) For each of the 1986 through 1990 crops, the total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice may not exceed $100,000.

(3) As used in this section, the term "payments" does not include—

(A) loans or purchases;

(B) any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation;

(C) any gain realized by a producer from repaying a loan for a crop of wheat, feed grains, upland cotton, or rice at the rate permitted under section 107D(a)(5), 105C(a)(4), 103A(a)(5), or 101A(a)(5), respectively, of the Agricultural Act of 1949;

(D) any deficiency payment received for a crop of wheat or feed grains under section 107D(c)(1) or 105C(c)(1), respectively, of such Act as the result of a reduction of the loan level for such crop under section 107D(a)(4) or 105C(a)(3) of such Act;

(E) any loan deficiency payment received for a crop of wheat, feed grains, upland cotton, or rice under section 107D(b), 105C(b), 103A(b), or 101A(b), respectively, of such Act;

(F) any inventory reduction payment received for a crop of wheat, feed grains, upland cotton, or rice under section 107D(g), 105C(g), 103A(g), or 101A(g), respectively, of such Act;

(G) any increased established price payments under section 105C(c)(1)(E) or 107D(c)(1)(E), respectively, of such Act; or

(H) any benefit received as a result of any cost reduction action by the Secretary under section 1009 of this Act.

(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5)(A) The Secretary shall issue regulations—

(i) defining the term "person"; and

(ii) prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitation established under this section.

(B) The regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307) shall be used to establish the percentage ownership of a corporation by the stockholders of such corporation for the purpose of determining whether such corporation and stockholders are separate persons under this section.

(6) The provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary.

ADVANCE DEFICIENCY AND DIVERSION PAYMENTS

SEC. 1002. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b–2) is amended to read as follows:

"SEC. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1990 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary—

"(A) shall make advance deficiency payments available to producres who agree to participate in such program for the 1986 crop; and

"(B) may make such payments available to such producers for each of the 1987 through 1990 crops.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation, except that not more than 50 percent of such payments may be made in commodities or such certificates in the case of any producer; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying—

"(i) the estimated farm program acreage for the crop, by

"(ii) the farm program payment yield for the crop, by

"(iii) 50 percent of the projected payment rate,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already

have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitations or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1986 through 1990 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 50 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments.".

ADVANCE RECOURSE COMMODITY LOANS

SEC. 1003. Effective for the 1986 through 1990 crops, the Agricultural Act of 1949 is amended by inserting after section 423 (7 U.S.C 1433b) the following new section:

"SEC. 424. Notwithstanding any other provision of this Act, the Secretary may make advance recourse loans available to producers of the commodities of the 1986 through 1990 crops for which nonrecourse loans are made available under this Act if the Secretary finds that such action is necessary to ensure that adequate operating credit is available to producers. Such recourse loans may be made available under such reasonable terms and conditions as the Secretary may prescribe, except that the Secretary shall require that a producer obtain crop insurance for the crop as a condition of eligibility for a loan.".

INTEREST PAYMENT CERTIFICATES

SEC. 1004. Effective only for the 1986 through 1990 crops, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended by—

(1) inserting "(a)" after section designation; and

(2) adding at the end thereof the following new subsection:

"(b)(1) Notwithstanding any other provision of law, the Secretary may provide a negotiable certificate to any producer who repays, together with interest, a price support loan made available to such producer under any of the annual programs, for wheat, feed grains, upland cotton, or rice established under this Act.

"(2) The amount of such certificates shall be equal to the amount of the interest paid by the producer on such loan.

"(3) Such certificate shall be redeemable in wheat, feed grains, upland cotton, or rice, as the case may be, owned by the Commodity Credit Corporation.

"(4) The issuance of such certificate shall be subject to the availability of commodities owned by the Corporation.".

PAYMENTS IN COMMODITIES

SEC. 1005. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107D (as added by section 308 of this Act) the following new section:

"SEC. 107E. (a) In making in-kind payments under any of the annual programs for wheat, feed grains, upland cotton, or rice (other than negotiable marketing certificates for upland cotton or rice), the Secretary may—

"(1) acquire and use like commodities that have been pledged to the Commodity Credit Corporation as security for price support loans, including loans made to producers under section 110; and

"(2) use other like commodities owned by the Commodity Credit Corporation.

"(b) The Secretary may make in-kind payments—

"(1) by delivery of the commodity to the producer at a warehouse or other similar facility, as determined by the Secretary;

"(2) by the transfer of negotiable warehouse receipts;

"(3) by the issuance of negotiable certificates which the Commodity Credit Corporation shall redeem for a commodity in accordance with regulations prescribed by the Secretary; or

"(4) by such other methods as the Secretary determines appropriate to enable the producer to receive payments in an efficient, equitable, and expeditious manner so as to ensure that the producer receives the same total return as if the payments had been made in cash.".

WHEAT AND FEED GRAIN EXPORT CERTIFICATE PROGRAMS

SEC. 1006. Effective for the 1986 through 1990 crops of wheat and feed grains, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after section 107F (as added by section 1005 of this Act), the following new section:

"SEC. 107F. (a)(1) The Secretary may establish a program, applicable to any of the 1986 through 1990 crops of wheat or feed grains, to provide incentives for the export of any of such crops of wheat and feed grains from private stocks. The program for any such crop established under this subsection by the Secretary shall include the following terms:

"(A) The Secretary shall issue wheat or feed grain export certificates to producers to whom the Secretary makes loans and payments under section 107D or 105C, respectively, for a crop if such producers comply with the terms and conditions of the program for such crop.

"(B) Each such certificate shall bear a monetary denomination and a designation specifying a quantity of the crop of the commodity involved, selected by the Secretary.

"(C) The aggregate quantity of wheat or feed grains specified in all export certificates distributable to eligible producers of the crop involved shall be equal to—

"(i) the aggregate amount of wheat or feed grains produced by producers participating in the program for the crop under section 107D or 105C, as determined by multiplying the acreage planted by each such producer for harvest times the farm program payment yield for the commodity, times

"(ii) an export production factor.

For purposes of this subparagraph, the export production factor for a crop shall be determined by the Secretary by dividing the quantity of such crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for such crop by the quantity of such crop that the Secretary estimates will be harvested domestically.

"(D) Wheat or feed grain export certificates shall be distributed among eligible producers in a manner that will ensure that each eligible producer receives certificates having an aggregate face value that represents an equal rate of return per unit of wheat or feed grains produced by such producer for such crop. For purposes of determining such rate of return, the Secretary shall take into consideration regional variations in the costs incurred by producers to market the commodity (including transportation costs).

"(E) An export certificate issued under this subsection shall be redeemed by the Secretary for a cash amount equal to the monetary denomination on such certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) only on presentation by a holder who exports a quantity of the crop involved (including processed wheat or feed grains) equal to the quantity designated in the certificate and only if the Secretary has not redeemed previously an export certificate issued under this subsection presented in connection with the particular wheat or feed grains so exported.

"(2) The Secretary shall carry out this subsection through the Commodity Credit Corporation. If sufficient fund are available to the Corporation, there shall be expended to carry out this subsection with respect to the export of the crop of wheat or feed grains involved an amount not less than the product of multiplying—

"(A) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as the Secretary determines fair and reasonable in relation to the amount specified for corn, times

"(B) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop with respect to which deficiency payments are available under section 107D or 105C, times

"(C) the average of the program yields for the crop.

"(3) Funds expended to carry out export certificate programs established under this subsection shall be in addition to, and not in place of, funds authorized by any other law to be expended to finance or encourage the export of wheat or feed grains.

"(4) For purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.

"(b)(1) Effective for each of the 1986 through 1990 crops of wheat or feed grains, the Secretary may issue to eligible producers (who, for purposes of this subsection, are producers of wheat or feed grains participating in the program under this Act for such crop who meet the requirements of paragraph (2)) export marketing certificates, denominated in bushels of wheat or feed grains, as applicable, for the crop, which shall be used, under such terms and conditions as the Secretary may prescribe consistent with the provisions of this subsection, as follows:

"(A) Not later than 3 months before the beginning of the marketing year for a crop of wheat or feed grains, the Secretary may issue to eligible producers that plant at least 50 percent of the farm's wheat or feed grain crop acreage base for such crop, export marketing certificates to be applicable to such marketing year that, in the aggregate, shall equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each such eligible producer shall receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all such eligible producers' crop acreage bases for that crop, rounded upward to the nearest full bushel.

"(B) The denomination of export marketing certificates shall be 1 bushel (with no accompanying cash face value), except that the Secretary may issue certificates in multiples of such denomination, and any certificate in the multiple of such denomination, may be exchanged by the producer, at the county Agricultural Stabilization and Conservation Service office, for certificates representing an equivalent quantity of the commodity in different multiples, to facilitate the operation of the program under this subsection. Each export marketing certificate shall designate the producer by name and the crop involved.

"(C) If 7 months after the beginning of the marketing year for the crop, the Secretary determines that the amount of the commodity that will be exported during the marketing year for that crop will exceed the aggregate quantity of the commodity represented by all the export marketing certificates so issued, the Secretary may issue additional export marketing certificates to producers that initially received certificates for the crop sufficient to cover the additional exports, such certificates to be apportioned among such producers so that producer receives the same portion of the additional certificates issued that the producer received of the export certificates initially issued for the crop, as provided in subparagraph (A), rounded upward to the nearest full bushel.

"(D) Producers may convey export marketing certificates issued under this subsection to purchasers of the commodity involved sold by the producers at any time prior to the end of the marketing year for the crop described in the certificate. If a producer has less wheat or feed grains to sell than the quantity represented by the export marketing certificates issued to the producer, because of the reduced production or other reason or because, in the case of additional certificates issued under subparagraph (C), the producer had disposed of the producer's wheat or feed grains prior to the issuance of such additional certificates, the producer, at any time prior to the end of the marketing year for the crop involved, may sell the extra export marketing certificates to any person for such price as agreed on by the producer and purchaser. Any certificate may be reconveyed without restriction.

"(2) To be eligible to receive export certificates under this subsection for a crop of wheat or feed grains, a producer of such commodity must participate in the program under this title for such crop, and—

"(A) if there is no acreage limitation or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable;

"(B) if an acreage limitation is in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, as applicable, reduced to the extent required under the acreage limitation program, and comply with any other terms of the acreage limitation program established by the Secretary; or

"(C) if a set-aside program is in effect for the crop, comply with the set-aside and other terms of the set-aside program established by the Secretary.

"(3) Whenever the Secretary issues certificates under this subsection for a crop of wheat or feed grains, no person may export wheat or feed grains or products thereof, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for such crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products being exported. Persons that fail to comply with the requirements of the preceding sentence shall be subject, for each violation thereof, to a fine of not more than $25,000 or imprisonment for not to exceed 1 year, or both such fine and imprisonment. This paragraph shall not apply to exports of commodities or products owned by the Federal Government or any agency or instrumentality thereof, nor to commodities or products provided to the exporter by the Commodity Credit Corporation under an export development program.

"(4) Any person who falsely makes, issues, alters, forges, or counterfeits any export marketing certificate, or with fraudulent intent possesses, transfers, or uses any such falsely make, issued, altered, forged, or counterfeited export marketing certificate, shall be subject to a fine of not more than $10,000 or imprisonment of not more than 10 years, or both such fine and imprisonment.

"(5) For purposes of facilitating the transfer of export certificates under this subsection, the Commodity Credit Corporation may buy and sell certificates in accordance with regulations prescribed by the Secretary.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 1007. Effective only for the marketing years for the 1986 through 1990 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by—

(1) in the third sentence, striking out the language following the third colon and inserting in lieu thereof the following: "Provided, That, notwithstanding any other provision of law, the Corporation may not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less (A) 115 percent of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of the commodity at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans.";

(2) in the fifth sentence, striking out "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) in the seventh sentence, striking out ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

DISASTER PAYMENTS FOR 1985 THROUGH 1990 CROPS OF PEANUTS, SOYBEANS, SUGAR BEETS, AND SUGARCANE

SEC. 1008. Effective only for the 1985 through 1990 crops of peanuts, soybeans, sugar beets, and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 901 of this Act) is further amended by adding at the end thereof the following new subsection:

"(k)(1) If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage on the farm intended for peanuts, soybeans, sugar beets, or sugarcane to peanuts, soybeans, sugar beets, sugarcane, or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to peanuts, soybeans, sugar beets, or sugarcane

for harvest (including any acreage that the producers were prevented from planting to such commodity or to other nonconserving crops in lieu of peanuts, soybeans, sugar beets, or sugarcane because of drought, flood or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, by

"(B) 75 percent of the farm program payment yield established by the Secretary, by

"(C) a payment rate equal to 50 percent of the loan and purchase level for the crop.

"(2) If the secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of peanuts, soybeans, sugar beets, or sugarcane that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(3) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.".

COST REDUCTION OPTIONS

SEC. 1009. (a) Notwithstanding any other provision of law, whenever the Secretary of Agriculture determines that an action authorized under subsection (c), (d), or (e) will reduce the total of the direct and indirect costs to the Federal Government of a commodity program administered by the Secretary without adversely affecting income to small- and medium-sized producers participating in such program, the Secretary shall take such action with respect to the commodity program involved.

(b) In the announcement of the specific provisions of any commodity program administered by the Secretary of Agriculture, the Secretary shall include a statement setting forth which, if any, of the actions are to be initially included in the program, and a statement that the Secretary reserves the right to initiate at a later date any action not previously included but authorized by this section, including the right to reopen and change a contract entered into by a producer under the program if the producer voluntarily agrees to the change.

(c) When a nonrecourse loan program is in effect for a crop of a commodity, the Secretary may enter the commercial market to purchase such commodity if the Secretary determines that the cost of such purchases plus appropriate carrying charges will probably be less than the comparable cost of later acquiring the commodity through defaults on nonrecourse loans under the program.

(d) When the domestic market price of a commodity for which a nonrecourse loan program is in effect is insufficient to cover the principal and accumulated interest on a loan made under such program, thereby encouraging default by a producer, the Secretary may provide for settlement of such loan and redemption by the producer of the commodity securing such loan for less than the total of the principal and all interest accumulated thereon if the Secretary determines that such reduction in the settlement price will yield savings to the Federal Government due to—

(1) receipt by the Federal Government of a portion rather than none of the accumulated interest;

(2) avoidance of default; or

(3) elimination of storage, handling, and carrying charges on the forfeited commodity,

but the Secretary may not reduce the settlement price to less than the principal due on the loan.

(e) When a production control or loan program is in effect for a crop of a major agricultural commodity, the Secretary may at any time prior to harvest reopen the program to participating producers for the purpose of accepting bids from producers for the conversion of acreage planted to such crop to diverted acres in return for payment in kind from Commodity Credit Corporation surplus stocks of the commodity to which the acreage was planted, if the Secretary determines that (1) changes in domestic or world supply or demand conditions have substantially changed after announcement of the program for that crop, and (2) without action to further adjust production, the Federal Government and producers will be faced with a burdensome and costly surplus. Such payments in kind shall not be included within the payment limitation of $50,000 per person established under section 1001 of this Act, but shall be limited to a total of $20,000 per year per producer for any one commodity.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary under any other provision of law.

MULTIYEAR SET-ASIDES

SEC. 1010. Notwithstanding any other provision of law:

(1) The Secretary of Agriculture may enter into multiyear set-aside contracts for a period not to extend beyond the 1990 crops. Such contracts may be entered into only as a part of the programs in effect for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, and only producers participating in one or more of such programs shall be eligible to contract with the Secretary under this section Producers agreeing to a multiyear set-aside agreement shall be required to devote the set-aside acreage to vegetative cover capable of maintaining itself through such period to provide soil protection, water quality enhancement, wildlife production, and natural beauty. Grazing of livestock under this section shall be prohibited, except in areas of a major disaster, as determined by the President, if the Secretary finds there is a need for such grazing as a result of such disaster. Producers entering into agreements under this section shall also agree to comply with all applicable State and local laws and regulations governing noxious weed control.

(2) The Secretary shall provide cost-sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into under this section.

(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 1011. Effective for the 1986 through 1990 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 (7 U.S.C. 1445h) is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C or 107D for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of the Federal Government. To carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

PRODUCER RESERVE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1012. (a) Except as provided by subsection (b), effective beginning with the 1986 crops, section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) is amended by—

(1) in the first sentence of subsection (a)—

(A) striking out "and" after "supply" and inserting in lieu thereof a comma; and

(B) inserting before the period at the end thereof the following: ", and provide for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities";

(2) in the third sentence of subsection (b)—

(A) in clause (1), striking out "nor more than five years" and inserting in lieu thereof ", with extensions as warranted by market conditions";

(B) in clause (4), striking out "before the market price for wheat or feed grains has reached" and inserting in lieu thereof "when the total amount of wheat or feed grains in storage under programs under this section is below the upper limits for such storage as set forth in clauses (A) and (B) of subsection (e)(2) and the market price for wheat or feed grains is below";

(C) in clause (5), striking out "a specified level, as determined by the Secretary" and inserting in lieu thereof "the

higher of 140 percent of the nonrecourse loan rate for the commodity or the established price for such commodity, as determined under title I";

(3) adding at the end of subsection (b) the following:

"Whenever—

"(A)(i) the total quantity of wheat stored under storage programs established under this section is less than 17 percent of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary; or

"(ii) the total quantity of feed grains stored under storage programs established under this section is less than 7 percent of the estimated total domestic and export usage of feed grains during the then current marketing year for feed grains, as determined by the Secretary; and

"(B) the market price of the commodity, as determined by the Secretary, does not exceed 140 percent of the nonrecourse loan rate for the commodity;

the Secretary shall encourage participation in the programs authorized under this section by offering producers increased storage payments and loan levels, interest waivers, or such other incentives as the Secretary determines necessary to maintain the total amount of storage under the programs at the levels specified in clauses (A) and (B). The Secretary shall ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest."; and

(4) in subsection (e)—

(A) inserting "(1)" after the subsection designation;

(B) inserting before the period at the end of the second sentence the following: ", subject to the upper limits on the total quantity of wheat and feed grains that may be stored under storage programs established under this section set out in paragraph (2)";

(C) striking out the third sentence; and

(D) adding at the end thereof the following new paragraph:

"(2) Prior to the harvest of each crop of wheat and feed grains, the Secretary shall determine and establish upper limits on the total quantity of wheat and feed grains that may be stored under storage programs established under this section to be effective during the marketing year for such crop, as follows:

"(A) The upper limit on the total quantity of wheat that may be stored under such programs shall not exceed 30 percent of the estimated total domestic and export usage of wheat during the marketing year for the crop of wheat, as determined by the Secretary.

"(B) The upper limit on the total quantity of feed grains that may be stored under such programs shall not exceed 15 percent of the estimated total domestic and export usage of feed grains during the marketing year for the crop, as determined by the Secretary.

"(C) Notwithstanding clauses (A) and (B), the Secretary may establish the upper limits at higher levels—not in excess of 110 percent of the levels determined under clauses (A) and (B)—if the Secretary determines that the higher limits are necessary to achieve the purposes of this section.".

(b) The amendment made by subsection (a)(2)(B) of this section shall take effect with respect to any loan made under section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e) the date for repayment of which occurs after the date of enactment of this Act.

EXTENSION OF THE RESERVE

SEC. 1013. Section 302(i) of the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1(i)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

NORMALLY PLANTED ACREAGE

SEC. 1014. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by—

(1) striking out "1985" each place it appears and inserting in lieu thereof "1990"; and

(2) adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of law, whenever marketing quotas are in effect for any of the 1987 through 1990 crops of wheat, the Secretary of Agriculture may require, as a condition of eligibility for loans, purchases, and payments on any commodity under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), that the acreage normally planted to crops designated by the Secretary, adjusted as considered necessary by the Secretary to be fair and equitable among producers, shall be reduced by a quantity equal to—

"(1) the acreage that the Secretary determines would normally be planted to wheat on a farm; minus

"(2) the individual farm program acreage for the farm under section 107D(d)(3)(A) of such Act.".

SPECIAL GRAZING AND HAY PROGRAM

SEC. 1015. (a) Section 109 of the Agricultural Act of 1949 (7 U.S.C. 1445d) is amended by striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1990".

ADVANCE ANNOUNCEMENT OF PROGRAMS

SEC. 1016. Section 406 of the Agricultural Act of 1949 (7 U.S.C. 1426) is amended by

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b)(1) Notwithstanding any other provision of this Act, the Secretary of Agriculture may offer an option to producers of the 1987 through 1991 crops of wheat, feed grains, upland cotton and rice with respect to participation in commodity price support, production adjustment, and payment programs as provided in this subsection.

"(2) With respect to the 1987 through 1991 crops of wheat, feed grains, upland cotton, and rice, in any county in the United States, if the Secretary has not made final announcement of the terms of

the commodity price support production adjustment, and payment program for wheat, feed grains, upland cotton, or rice on or before the later of—

"(A) 60 days prior to the normal planting date of such commodity in such county, as determined by the Secretary; or

"(B)(1) in the case of wheat, June 1 of the calendar year prior to the crop year for which such program is announced;

"(ii) in the case of feed grains, September 30 of the calendar year prior to the crop year for which such program is announced;

"(iii) in the case of upland cotton, November 1 of the calendar year prior to the crop year for which such program is announced; and

"(iv) in the case of rice, January 31 of the calendar year that is the same as the crop year for which such program is announced,

then the Secretary may permit producers of any such commodity in such county to elect to receive price support, payments, or other program benefits as provided in (I) the program announced for such commodity for the current crop year or (II) paragraph (3).

"(3)(A)(i) The Secretary may permit producer eligible to make the election provided by this subsection to participate in the program described in this paragraph or, at the discretion of the Secretary, the program announced for the commodity for the current crop year, by complying with the terms of the program announced for the preceding crop of the commodity.

"(B)(i) Except as provided in clause (ii), the Secretary may make available to producers of a commodity who exercise the election provided by this subsection and who comply fully with the terms and conditions of any acreage reduction program established for the preceding year's crop of the commodity—

"(I) loans and purchases at the level established for the crop for which the election is made;

"(II) deficiency payments calculated on the same basis as the deficiency payments which were calculated for the crop immediately preceding the crop with respect to which the election is made; and

"(III) payments equal to the difference between the level of loans and purchases for the crop with respect to which the election is made and the level of loans and purchases for the crop immediately preceding the crop with respect to which the election is made.

Payments authorized by subclause (III) of the preceding sentence shall be made in the form of cash or in-kind commodities.

"(ii) In the case of the 1991 crop, the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1990 crop of the commodity—

"(I) loans and purchases at the level established for the 1991 crop under legislation enacted subsequent to the date of the enactment of the Food Security Act of 1985, except that if legislation is enacted subsequent to the enactment of such Act which

provides that loans and purchases shall not be made with respect to the 1991 crop of a commodity, the Secretary may make available to producers of such commodity eligible for the election provided by this subsection loans and purchases at the level determined for the 1990 crop, or if legislation is not enacted subsequent to the enactment of such Act which provides that loans and purchases shall be made with respect to the 1991 crop of any such commodity, and if loans and purchases are available to producers of such commodity under laws previously enacted, none of the provisions of this section shall apply to the 1991 crop;

"(II) deficiency payments calculated on the basis of the established price for the commodity determined for the 1990 crop; and

"(III) payments equal to the difference between the level of loans and purchases that the producer is eligible to receive under subclause (I) for such commodity for the 1991 crop and the level of loans and purchases determined for such commodity for the 1990 crop.

Payments authorized by subclause (III) of the preceding sentence shall be made in cash or in the form of in-kind commodities.

"(C) The Secretary shall consider the crop acreage base and farm program payment yield for any farm with respect to which a producer exercises the election provided by this section to be equal to the crop acreage base and farm program payment yield that was established, or would have been established, for such farm for the year preceding the year for which the election is made.".

DETERMINATIONS OF THE SECRETARY

SEC. 1017. (a) The first sentence of section 385 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1385) is amended by inserting "extra long staple cotton," after "upland cotton,".

(b) The Secretary of Agriculture shall determine the rate of loans, payments, and purchases under a program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for any of the 1986 through 1990 crops of a commodity without regard to the requirements for notice and public participation in rulemaking prescribed in section 553 of title 5, United States Code, or in any directive of the Secretary.

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1018. Effective only for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, subsection (k) of section 408 of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"(k)(1) Reference made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the loan and purchase level for wheat, feed grains, upland cotton, and rice under this Act.

"(2) References made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to loan and pur-

chase operations for wheat, feed grains, upland cotton, and rice under this Act.".

NORMAL SUPPLY

SEC. 1019. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1986 through 1990 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

MARKETING YEAR FOR CORN

SEC. 1020. Section 301(b)(7) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(7)) is amended by striking out "Corn, October 1–September 30;" and inserting in lieu thereof "Corn, September 1–August 31;".

FEDERAL CROP INSURANCE CORPORATION EMERGENCY FUNDING AUTHORITY

SEC. 1021. Section 516(c)(1) of the Federal Crop Insurance Act (7 U.S.C. 1516(c)(1)) is amended by striking out the last sentence.

CROP INSURANCE STUDY

SEC. 1022. (a) The Secretary of Agriculture shall conduct a study—

(1) of the practice of offsetting the quantity of winter and spring wheat of a producer for the purpose of determining the amount of benefits due such producer under a policy insured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

(2) of the feasibility and desirability of including winterkill of winter wheat as a loss covered by crop insurance under such Act.

(b) Not later than 180 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study conducted under subsection (a), together with any recommendations for any legislation or regulations necessary to rectify any inequities identified in such study.

NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1023. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

"(b) Section 1014 of such Act (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1990".

LIQUID FUELS

SEC. 1024. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation" and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

Subtitle B—Uniform Base Acreage and Yield Provisions

ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

SEC. 1031. Effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by inserting after title IV the following new title:

"TITLE V—ACREAGE BASE AND PROGRAM YIELD SYSTEM FOR THE WHEAT, FEED GRAIN, UPLAND COTTON, AND RICE PROGRAMS

"SEC. 501. The purpose of this title is to prescribe a system for establishing farm and crop acreage bases and program yields for the wheat, feed grain, upland cotton, and rice programs under this Act that is efficient, equitable, flexible, and predictable.

"SEC. 502. For purposes of this title—

"(1) the term 'program crop' means any crop of wheat, feed grains, upland cotton, or rice; and

"(2) the term 'county committee' means the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for the county in which the farm is administratively located.

"SEC. 503. (a)(1) Except as provided in paragraph (2), the Secretary shall provide for the establishment and maintenance of farm acreage bases for the 1986 and subsequent crop years.

"(2) With respect to the 1986 crop year, the Secretary may forgo the establishment of farm acreage bases under this title.

"(b)(1) The county committee, in accordance with regulations prescribed by the Secretary, shall determine the farm acreage base for a farm for a crop year. Such farm acreage base shall include the number of acres equal to the sum of the crop acreage bases for the farm.

"(2) In the case of farm acreage bases established for the 1987 and subsequent crop years, the determination of the farm acreage base shall also include (in addition to the crop acreage bases for the

farm) the sum of (A) the average of the acreage on the farm planted to soybeans in the 1986 and subsequent crop years, and (B) the average of the acreage on the farm devoted by the producer to a conserving use in the normal course of farming operations in the 1986 and subsequent crop years.

"SEC. 504. (a)(1) The Secretary shall provide for the establishment and maintenance of crop acreage bases for each program crop, including any program crop produced under an established practice of double cropping. The sum of the crop acreage bases for all program crops produced on any farm for any crop year shall not exceed the farm acreage base for such farm for such crop year, except to the extent that the excess is due to an established practice of double cropping.

"(2) The term 'double cropping' means a farming practice, as defined by the Secretary, which has been carried out on a farm in at least 3 of the 5 crop years immediately preceding the crop year for which the crop acreage base for the farm is established.

"(b)(1)(A) Except as provided in subparagraph (B), the crop acreage base for a program crop for any farm for the 1986 and subsequent crop years shall be the number of acres that is equal to the average of the acreage planted and considered planted to such program crop for harvest on the farm in each of the five crop years preceding such crop year.

"(B)(i) In the case of upland cotton and rice, except as provided in clause (ii), if no planted and considered planted acreage has been established for a farm for each of the five crop years preceding such crop year, the crop acreage base for such crop shall be equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the five crop years preceding such crop year, excluding all crop years in which planted and considered planted acreage was not established for the farm.

"(ii) Any crop acreage base established in accordance with paragraph (1)(A) and paragraph (1)(B)(i) shall not exceed a number of acres equal to the average of the acreage planted and considered planted to such crop for harvest on the farm in each of the two crop years preceding such crop year.

"(2) The acreage considered planted to a program crop shall include—

"(A) any reduced acreage, set-aside acreage, and diverted acreage on the farm;

"(B) any acreage on the farm that producers were prevented from planting to such crop because of drought, flood, or other natural disaster, or other condition beyond the control of the producers;

"(C) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to the crop, if the acreage considered to be planted is planted to a nonprogram crop, other than soybeans and extra long staple cotton; and

"(D) any acreage on the farm which the Secretary determines is necessary to be included in establishing a fair and equitable crop acreage base.

"(3) For the purpose of determining the crop acreage base for the 1986 and subsequent crop years for any farm, the county committee,

in accordance with regulations prescribed by the Secretary, may construct a planting history for such crop if—

"(A) planting records for such crop for any of the five crop years preceding such crop year are incomplete or unavailable; or

"(B) during at least one but not more than four of the five crop years preceding such crop year, the program crop was not produced on the farm.

"(c) The Secretary may make adjustments to reflect crop rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable crop acreage base.

"(d) If a county committee determines, in accordance with regulations prescribed by the Secretary, that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of a program crop on any farm within the county (or substantially destroyed any such program crop after it had been planted but before it had been harvested), the producer may plant any other crop, including any other program crop, on the acreage of such farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of a progam crop. For purposes of determining the farm acreage base or the crop acreage base, any acreage on the farm on which a substitute crop, including any program crop, is planted under this subsection shall be taken into account as if such acreage had been planted to the program crop for which the other crop was substituted.

"SEC. 505. (a) The Secretary may provide for an upward adjustment of any crop acreage base for any farm for any crop year. Except as provided in subsection (d), such adjustment may not exceed the number of acres that is equal to 10 percent of the farm acreage base for such farm for such crop year. Any upward adjustment in a crop acreage base must be offset by an equivalent downward adjustment in one or more other crop acreage bases established for the farm for such crop year.

"(b) The Secretary may suspend, on a nationwide basis, any limitation contained in subsection (a) with respect to the crop acreage base for any program crop if the Secretary determines that—

"(1) a short supply or other similar emergency situation exists with respect to the program crop; or

"(2) market factors exist that require the suspension of the limitation to achieve the purposes of the program.

"SEC. 506. (a) The Secretary shall provide for the establishment of a farm program payment yield for each farm for each program crop for each crop year.

"(b)(1) Except as provided in paragraph (2), the farm program payment yield for each of the 1986 and 1987 crop years shall be the average of the farm program payment yields for the farm for the 1981 through 1985 crop years, excluding the year in which such yield was the highest and the year in which such yield was the lowest.

"(2) If no crop of the commodity was produced on the farm or no farm program payment yield was established for the farm for any of the 1981 through 1985 crop years, the farm program payment yield shall be established on the basis of the average farm program payment yield for such crop years for similar farms in the area.

"(3) If the Secretary determines such action is necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) the Secretary's estimate of actual yields for the crop year involved if historical yield data is not available.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(c)(1) With respect to the 1988 and subsequent crop years, the Secretary may (A) establish the farm program payment yield as provided in subsection (b), or (B) establish a farm program payment yield for any program crop for any farm on the basis of the average of the yield per harvested acre for the crop for such farm for each of the five crop years immediately preceding such crop year, excluding the crop year with the highest yield per harvested acre, the crop year with the lowest yield per harvested acre, and any crop year in which such crop was not planted on the farm. For purposes of the preceding sentence, the farm program payment yield for the 1983 through 1986 crop years and the actual yield per harvested acre with respect to the 1987 and subsequent crop years shall be used in determining farm program payment yields.

"(2) The county committee, in accordance with regulations prescribed by the Secretary, may adjust any program yield for any program crop for any farm if the program yield for the crop on the farm does not accurately reflect the productive potential of the farm because of the occurrence of a natural disaster or other similar condition beyond the control of the producer.

"(d) In the case of any farm for which the actual yield per harvested acre for any program crop referred to in subsection (c)(1) for any crop year is not available, the county committee may assign the farm a yield for the crop for such crop year on the basis of actual yields for the crop for such crop year on similar farms in the area.

"SEC. 507. Effective for each of the 1986 and subsequent crop years, each county committee, in accordance with regulations prescribed by the Secretary, may require any producer who seeks to establish a farm acreage base, crop acreage base, or farm program payment yield for a farm for a crop year to provide planting and production history of such farm for each of the five crop years immediately preceding such crop year.

"SEC. 508. Each county committees may, in accordance with regulations prescribed by the Secretary, provide for the establishment of a farm acreage base, crop acreage base, and farm program payment yield with respect to any farm administratively located within the county if such farm acreage base, crop acreage base, or farm program payment yield cannot otherwise be established under this title. Such bases and farm program payment yields shall be established in a fair and equitable manner, but no such bases or farm program payment yields shall be established for a farm if the producer on such farm is subject to sanctions under any provision of Federal law for cultivating highly erodible land or converted wetland.

"SEC. 509. The Secretary shall establish an administrative appeal procedure which provides for an administrative review of determinations made with respect to farm acreage bases, crop acreage bases, and farm program payment yields.".

Subtitle C—Honey

HONEY PRICE SUPPORT

SEC. 1041. Effective only for the 1986 through 1990 crops of honey, subsection (b) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended to read as follows:

"(b)(1) For each of the 1986 through 1990 crops of honey, the price of honey shall be supported through loans, purchases, or other operations as follows:

"(A) For the 1986 crop, the loan and purchase level for honey shall be 64 cents per pound.

"(B) For the 1987 crop, the loan and purchase level for honey shall be 63 cents per pound.

"(C) For each of the 1988, 1989, and 1990 crops, the loan and purchase level for honey shall be the same as the level established for the preceding crop year reduced by 5 percent, except that such level may not be less than an amount equal to 75 percent of the simple average price received by producers of honey in the 5 preceding crop years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.

"(2) The Secretary may permit a producer to repay a loan made to the producer under this subsection for a crop at a level that is the lesser of—

"(A) the loan level determined for such crop; or

"(B) such level as the Secretary determines will—

"(i) minimize the number of loan forfeitures;

"(ii) not result in excessive total stocks of honey;

"(iii) reduce the costs incurred by the Federal Government in storing honey; and

"(iv) maintain the competitiveness of honey in domestic and export markets.

"(3)(A) If the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this subsection, such person shall, in addition to any other penalties or sanctions prescribed by law, be ineligible for a loan, purchase, or payment under this subsection for the 3 crop years succeeding such determination.

"(B) For purposes of subparagraph (A), honey shall be considered adulterated if—

"(i) any substance has been substituted wholly or in part for such honey;

"(ii) such honey contains a poisonous or deleterious substance that may render such honey injurious to health, except that in any case in which such substance is not added to such honey, such honey shall not be considered adulterated if the quantity of such substance in or on such honey does not ordinarily render it injurious to health; or

"(iii) such honey is for any other reason unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.".

TITLE XI—TRADE

Subtitle A—Public Law 480 and Use of Surplus Commodities in International Programs

TITLE II OF PUBLIC LAW 480—FUNDING LEVELS

SEC. 1101. Effective October 1, 1985, section 204 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended by—

(1) striking out "calendar" both places it appears in the first sentence and inserting in lieu thereof "fiscal"; and

(2) inserting after the first sentence the following: "The President may waive the limitation in the preceding sentence if the President determines that such waiver is necessary to undertake programs of assistance to meet urgent humanitarian needs.".

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

SEC. 1102. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended to read as follows:

"(b) The minimum quantity of agricultural commodities distributed under this title for each of the fiscal years ending September 30, 1987, September 30, 1988, September 30, 1989, and September 30, 1990, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; unless the President determines and reports to the Congress, together with his reasons, that such quantity cannot be used effectively to carry out the purposes of this title.".

TITLE II OF PUBLIC LAW 480—MINIMUM FOR FORTIFIED OR PROCESSED FOOD AND NONPROFIT AGENCY PROPOSALS

SEC. 1103. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended by adding at the end thereof the following new subsection:

"(c)(1) Except as provided in paragraph (2), in distributing agricultural commodities under this title, the President shall—

"(A) consider—

"(i) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable products;

"(ii) the nutritional needs of the proposed recipients of the commodities;

"(iii) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs; and

"(iv) the purposes of this title; and

"(B) ensure that at least 75 percent of the quantity of agricultural commodities required to be distributed each fiscal year under subsection (b) for nonemergency programs be in the form of processed or fortified products or bagged commodities.

"(2) The President may waive the requirement under paragraph (1)(B) or make available a smaller percentage of fortified or processed food than required under paragraph (1)(B) during any fiscal year in which the President determines that the requirements of the programs established under this title will not be best served by the distribution of fortified or processed food in the amounts required under paragraph (1)(B).".

FOOD ASSISTANCE PROGRAMS OF VOLUNTARY AGENCIES

SEC. 1104. (a) Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following:

"SEC. 207. (a) A nonprofit voluntary agency requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement.

"(b) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.".

(b) Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after December 31, 1985.

EXTENSION OF THE PUBLIC LAW 480 AUTHORITIES

SEC. 1105. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended by—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1990"; and

(2) in the second sentence—

(A) striking out "amendment" and inserting in lieu thereof "amendments"; and

(B) inserting "and the Food Security Act of 1985" after "Agriculture and Food Act of 1981".

FACILITATION OF EXPORTS

SEC. 1106. It is the sense of Congress that the President should work with the People's Republic of China to facilitate the export of agricultural commodities to the People's Republic of China.

FARMER-TO-FARMER PROGRAM UNDER PUBLIC LAW 480

SEC. 1107. (a) Notwithstanding any other provision of law, not less than one-tenth of 1 percent of the funds available for each of the fiscal years ending September 30, 1986, and September 30, 1987, to carry out the Agricultural Trade Development and Assistance Act of 1954 shall be used to carry out paragraphs (1) and (2) of section 406(a) of that Act. Any such funds used to carry out paragraph (2)

of section 406(a) shall not constitute more than one-fourth of the funds used as provided by the first sentence of this subsection, shall be used for activities in direct support of the farmer-to-farmer program under paragraph (1) of section 406(a), and shall be administered whenever possible in conjunction with programs under sections 296 through 300 of the Foreign Assistance Act of 1961.

(b) Not later than 120 days after the date of enactment of this Act, the Administrator of the Agency for International Development, in conjunction with the Secretary of Agriculture, shall submit to Congress a report indicating the manner in which the Agency intends to implement the provisions of paragraphs (1) and (2) of section 406(a) of the Agricultural Trade Development and Assistance Act of 1954 with the funds made available under subsection (a).

FOOD FOR DEVELOPMENT PROGRAM

SEC. 1108. Section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)(1)(C)) is amended by striking out "15" and inserting in lieu thereof "10".

USE OF SURPLUS COMMODITIES IN INTERNATIONAL PROGRAMS

SEC. 1109. Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by—

(1) striking out the last two sentences of subsection (a); and

(2) amending subsection (b) to read as follows:

"(b)(1) The Secretary, subject to the requirements of paragraph (10), may furnish eligible commodities for carrying out programs of assistance in developing countries and friendly countries under title II of the Agricultural Trade Development and Assistance Act of 1954 and under the Food for Progress Act of 1985, as approved by the Secretary, and for such purposes as are approved by the Secretary. To ensure that the furnishing of commodities under this subsection is coordinated with and complements other United States foreign assistance, assistance under this subsection shall be coordinated through the mechanism designated by the President to coordinate assistance under the Agricultural Trade Development and Assistance Act of 1954.

"(2) As used in this subsection, the term 'eligible commodities' means—

"(A) dairy products, grains, and oilseeds acquired by the Commodity Credit Corporation through price support operations that the Secretary determines meet the criteria specified in subsection (a); and

"(B) such other edible agricultural commodities as may be acquired by the Secretary or the Commodity Credit Corporation in the normal course of operations and that are available for disposition under this subsection, except that no such commodities may be acquired for the purpose of their use under this subsection.

"(3)(A) Commodities may not be made available for disposition under this subsection in amounts that (i) will, in any way, reduce the amounts of commodities that traditionally are made available through donations to domestic feeding programs or agencies, or (ii) will prevent the Secretary from fulfilling any agreement entered

into by the Secretary under a payment-in-kind program under this Act or other Acts administered by the Secretary.

"(B)(i) The requirements of section 401(b) of the Agricultural Trade Development and Assistance Act of 1954 shall apply with respect to commodities furnished under this subsection. Commodities may not be furnished for disposition to any country under this subsection except on determinations by the Secretary that—

"(I) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and

"(II) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

"(ii) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

"(I) have not traditionally purchased the commodity from the United States; or

"(II) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

"(C) The Secretary shall take reasonable precautions to ensure that—

"(i) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

"(ii) sales or barter under paragraph (7) will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

"(4) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 shall apply to the commodities furnished under this subsection.

"(B) The Commodity Credit Corporation may pay the processing and domestic handling costs incurred, as authorized under this subsection, in the form of eligible commodities, as defined in paragraph (2)(A), if the Secretary determines that such in-kind payment will not disrupt domestic markets.

"(6) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 in connection with those commodities, shall be in addition to the level of assistance programmed under that Act and shall not be considered expenditures for international affairs and finance.

"(7) Eligible commodities, and products thereof, furnished under this subsection may be sold or bartered only with the approval of the Secretary and solely as follows:

"(A) Sales and barter that are incidental to the donation of the commodities or products.

"(B) Sales and barter to finance the distribution, handling, and processing costs of the donated commodities or products in the importing country or in a country through which such commodities or products must be transshipped, or other activities in

the importing country that are consistent with providing food assistance to needy people.

"(C) Sales and barter of commodities and products furnished to intergovernmental agencies or organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by those agencies or organizations.

"(D)(i) Sales of commodities and products furnished to nonprofit and voluntary agencies, or cooperatives, for food assistance under agreements that provide for the use, by the agency or cooperative, of foreign currency proceeds generated from such sale of commodities or products for the purposes established in clause (ii) of this subparagraph.

"(ii) Foreign currency proceeds generated from the sales of commodities and products under this subparagraph shall be used by nonprofit and voluntary agencies, or cooperatives, for activities carried out by the agency or cooperative that will enhance the effectiveness of transportation, distribution, and use of commodities and products donated under this subsection, including food for work programs and cooperative and agricultural projects.

"(iii) Except as otherwise provided in clause (v), such agreements, taken together for each fiscal year, shall provide for sales of commodities and products for foreign currency proceeds in amounts that are, in the aggregate, not less than 5 percent of the aggregate value of all commodities and products furnished for carrying out programs of assistance under this subsection in such fiscal year. The minimum allocation requirements of this clause apply with respect to commodities and products made available under this subsection for carrying out programs of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, and not with respect to commodities and products made available to carry out the Food for Progress Act of 1985.

"(iv) Foreign currency proceeds generated from the sale of commodities or products under this subparagraph shall be expended within the country of origin within one year of acquisition of such currency, except that the Secretary may permit the use of such proceeds (I) in countries other than the country of origin as necessary to expedite the transportation of commodities and products furnished under this subsection, and (II) after one year of acquisition as appropriate to achieve the purposes of clause (i).

"(v) The provisions of clause (iii) of this subparagraph establishing minimum annual allocations for sales and use of proceeds shall not apply to the extent that there have not been sufficient requests for such sales and use of proceeds nor to the extent required under paragraph (3).

"(E) Sales and barter to cover expenses incurred under paragraph (5)(a).

No portion of the proceeds or services realized from sales or barter under this paragraph may be used to meet operating and overhead expenses, except as otherwise provided in subparagraph (C) and except for personnel and administrative costs incurred by local cooperatives.

"(8)(A) To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) The Secretary shall be responsible for regulations governing sales and barter, and the use of foreign currency proceeds, under paragraph (7) of this subsection that will provide reasonable safeguards to prevent the occurrence of abuses in the conduct of activities provided for in paragraph (7).

"(9)(A) Each recipient of commodities and products approved for sale or barter under paragraph (7) shall report to the Secretary information with respect to the items required to be included in the Secretary's report pursuant to clauses (i) through (iv) of subparagraph (B). Reports pursuant to this subparagraph shall be submitted in accordance with regulations of the Secretary. Such regulations shall require at least one report annually, to be submitted not later than December 31 following the end of the fiscal year in which the commodities and products are received; except that a report shall not be required with respect to fiscal year 1985.

"(B) Not later than February 15, 1987, and annually thereafter, the Secretary shall report to the Congress on sales and barter, and use of foreign currency proceeds, under paragraph (7) during the preceding fiscal year. Such report shall include information on—

"(i) the quantity of commodities furnished for such sale or barter;

"(ii) the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barter in such fiscal year;

"(iii) how such funds and services were used;

"(iv) the amount of foreign currency proceeds that were used under agreements under subparagraph (D) of paragraph (7) in such fiscal year, and the percentage of the quantity of all commodities and products furnished under this subsection in such fiscal year such use represented;

"(v) the Secretary's best estimate of the amount of foreign currency proceeds that will be used, under agreements under subparagraph (D) of paragraph (7), in the then current fiscal year and the next following fiscal year (if all requests for such use are agreed to), and the percentage that such estimated use represents of the quantity of all commodities and products that the Secretary estimates will be furnished under this subsection in each such fiscal year;

"(vi) the effectiveness of such sales, barter, and use during such fiscal year in facilitating the distribution of commodities and products under this subsection;

"(vii) the extent to which sales, barter, or uses—

"(I) displace or interfere with commercial sales of United States agricultural commodities and products that otherwise would be made,

"(II) affect usual marketings of the United States,

"(III) disrupt world prices of agricultural commodities or normal patterns of trade with friendly countries, or

"(IV) discourage local production and marketing of agricultural commodities in the countries in which commodities and products are distributed under this subsection; and

"(viii) the Secretary's recommendations, if any, for changes to improve the conduct of sales, barter, or use activities under paragraph (7).

"(10)(A) Subject to the limitations established under paragraph (3), the Secretary shall make available for disposition under this subsection in each of the fiscal years 1986 through 1990 not less than the minimum quantities of eligible commodities specified in subparagraph (B).

"(B) The minimum quantity of eligible commodities that shall be made available for disposition under this subsection in each fiscal year shall be—

"(i) 500,000 metric tons of grains and oilseeds from the Corporation's uncommitted stocks, or an amount equal to 10 percent of the Corporation's uncommitted stocks of grains and oilseeds as of the end of such fiscal year (as estimated by the Secretary), whichever is less; and

"(ii) 10 percent of the Corporation's uncommitted stocks of dairy products, but not less than 150,000 metric tons of such products to the extent that uncommitted stocks are available.

The Secretary shall make such estimation of expected year-end levels of the Corporation's uncommitted stocks prior to the beginning of the fiscal year. The Secretary's determination as to the amount of the Corporation's stocks that shall be made available for disposition under this subsection for such fiscal year shall be published in the Federal Register, along with a breakdown by kind of commodity and the quantity of each kind of commodity that shall be made available, before the beginning of such fiscal year.

"(C) Of the aggregate amounts made available each fiscal year pursuant to both clauses (i) and (ii) of subparagraph (B), not less than 75,000 metric tons shall be made available to carry out the Food for Progress Act of 1985.

"(D)(i) The Secretary—

"(I) may waive the minimum quantity requirements of subparagraphs (A) and (B) for a fiscal year to the extent that the Secretary determines and reports to Congress that there are not sufficient requests for eligible commodities under this subsection for such fiscal year, except that the waiver authority of this subclause may not be used to waive the minimum quantity requirement of subparagraph (C);

"(II) may waive the minimum quantity requirement of subparagraph (C) in accordance with subsection (f)(2) of the Food for Progress Act of 1985; and

"(III) may waive the minimum quantity requirements of subparagraphs (A), (B), and (C) for a fiscal year, if the Secretary determines that the restrictions on the furnishing of commodities under paragraph (3) prevent the making available of commodities in such quantities.

"(ii) For any fiscal year in which the minimum levels of uncommitted Commodity Credit Corporation stocks specified in subparagraph (B) are not made available and during which any requests for commodities under this subsection are rejected, the Secretary shall provide a detailed, written explanation to Congress, at the end of such fiscal year, of the reasons for the rejections of such requests.

"(11)(A) The Secretary may furnish eligible commodities under this subsection in connection with (i) concessional sales agreements entered into under title I of the Agricultural Trade Development and Assistance Act of 1954 or other statutes, or (ii) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

"(B) Eligible commodities may be furnished by the Secretary under this subsection in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

"(C) The amount of any commodity furnished under subparagraphs (A) and (B) of this paragraph in any fiscal year shall not be considered for the purpose of determining whether the requirements of paragraph (10)(A) of this subsection have been met during such fiscal year.".

FOOD FOR PROGRESS

SEC. 1110. (a) This section may be cited as the "Food for Progress Act of 1985".

(b) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, the President is authorized to enter into agreements with developing countries to furnish commodities made available pursuant to subsections (e) and (f) of this section. Such agreements may provide for commodities to be furnished on a multiyear basis.

(c) As used in this section, the term "commodities" means agricultural commodities and the products thereof.

(d) In determining whether to enter into an agreement with countries under this section, the President shall consider whether a potential recipient country is committed to carry out, or is carrying out, policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities. Such policies may provide for, among other things—

(1) access, on the part of farmers in the country, to private, competitive markets for their product;

(2) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the country's domestic needs;

(3) establishment of market-determined foreign exchange rates;

(4) timely availability of production inputs (such as seed, fertilizer, or pesticides) to farmers;

(5) access to technologies appropriate to the level of agricultural development in the country; and

(6) construction of facilities and distribution systems necessary to handle perishable products.

(e)(1) The Commodity Credit Corporation shall make available to the President such commodities determined to be available under

section 401 of the Agricultural Trade Development and Assistance Act of 1954 as the President may request for purposes of furnishing commodities under this section.

(2) Notwithstanding any other provision of law, the Commodity Credit Corporation may use funds appropriated to carry out title I of the Agricultural Trade Development and Assistance Act of 1954 in carrying out this section with respect to commodities made available under that Act.

(3) The Commodity Credit Corporation may finance the sale and exportation of commodities, made available under the Agricultural Trade Development and Assistance Act of 1954, which are furnished to a developing country under this section. Payment by a developing country for commodities made available under that Act which are purchased on credit terms under this section shall be on the same basis as the terms provided in section 106 of that Act.

(4) In the case of commodities made available under the Agricultural Trade Development and Assistance Act of 1954 for purposes of this section, section 203 of that Act shall apply to commodities furnished on a grant basis to a developing country under this section and section 401(b) of that Act shall apply to all commodities furnished to a developing country under this section.

(f)(1) Commodities made available under section 416(b) of the Agricultural Act of 1949 for use in carrying out this section shall be provided to developing countries on a grant basis.

(2) Not less than 75,000 metric tons shall be made available pursuant to section 416(b)(10)(C) of the Agricultural Act of 1949 to carry out this section unless the President determines there are an insufficient number of eligible recipients.

(3) In carrying out section 416(b) of the Agricultural Act of 1949, the Commodity Credit Corporation may purchase commodities for use under this section if—

(A) the Commodity Credit Corporation does not hold stocks of such commodities; or

(B) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this section and such commodities are needed to fulfill such commitments.

(4) No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this section with respect to commodities made available under section 416(b) of the Agricultural Act of 1949 unless authorized in advance in appropriation Acts.

(5) The cost of commodities made available under section 416(b) of the Agricultural Act of 1949 which are furnished under this section, and the expenses incurred in connection with furnishing such commodities, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 and may not be considered expenditures for international affairs and finance.

(g) Not more than 500,000 metric tons of commodities may be furnished under this section in each of the fiscal years 1986 through 1990.

(h) An agreement entered into under this section shall prohibit the resale or transshipment of the commodities provided under the agreement to other countries.

(i) In entering into agreements under this section, the President shall take reasonable steps to avoid displacement of any sales of United States commodities that would otherwise be made to such countries.

(j) Within 90 days after the end of each fiscal year in which an agreement entered into with a country under this section is in effect, the President shall report to the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country.

(k) This section shall be effective during the period beginning October 1, 1985, and ending September 30, 1990.

SALES FOR LOCAL CURRENCIES; PRIVATE ENTERPRISE PROMOTION

SEC. 1111. (a) The first sentence of section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended by inserting "to use foreign currencies accruing under this Act to foster and encourage the development of private enterprise in developing countries; to enhance food security in developing countries through local food production;" after "agricultural production;".

(b) The Congress finds that additional steps should be taken to use the agricultural abundance produced by American farmers—

(1) to relieve hunger and promote long-term food security and economic development in developing countries in accordance with the development assistance policy established under section 102 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151–1); and

(2) to promote United States agricultural trade interests.

(c) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2 of this Act, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for each of the fiscal years 1986 through 1990 sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of not less than 10 percent of the aggregate value of all sales of agricultural commodities under this title.

"(2) The President may reduce the minimum level of sales for foreign currencies required under paragraph (1) during any fiscal year

in which the President determines that the level of agricultural commodities furnished under this title will be significantly reduced as a result of compliance with the requirement under paragraph (1).

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(d) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after "(m)";

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(e) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(f) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(g) Section 106(b) of such Act is amended by adding at the end thereof the following new paragraph:

"(4)(A) Notwithstanding any other provision of this subsection, agreements under this title for the sale of agricultural commodities

for dollars on credit terms may provide that proceeds from the sale of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government.

"(B) Proceeds used for private sector development activities pursuant to this paragraph shall be deposited in jointly programmed accounts to be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives, and other entities within such country. In the case of a cooperative or private and voluntary organization, proceeds may be granted to defray the startup costs of becoming a financial intermediary. Such proceeds shall not be used to promote the production of commodities or the products thereof that will compete, as determined by the President, in world markets with similar commodities or the products thereof produced in the United States.".

(h) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. (a)(1) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the President may enter into an agreement with a financial intermediary located or operating in such country under which the President shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Food Security Act of 1985. Procurement and other contracting requirements, normally applicable to appropriated funds, shall not apply to such foreign currency.

"(2) Prior to loaning the foreign currencies as provided in this section, the President shall take such steps as may be necessary to assure that the availability of such foreign currencies to financial intermediaries is adequately publicized within the purchasing country.

"(b) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the President under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the President;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(c) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made under this section, plus accrued interest, at such times and in such manner as will permit conversion of such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country or any other country eligible to participate in a sales agreement entered into under this title, except that up to 49 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned to a financial intermediary under this section shall be such rate as is determined by the President and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the President may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries or make a grant from currencies received from sales made under section 101(a)(3) of this Act to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The President may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(7) A financial intermediary shall take such steps as may be necessary to publicize in the developing country the availability of loan funds under this section.

"(d)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the President—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(e)(1) Any agreement entered into under this section and section 106(b)(4) shall be subject to periodic audit to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the end of each fiscal year, the President shall report to the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate on the activities carried out under this section and section 106(b)(4) during the preceding fiscal year, including an evaluation of the impact of investment under this section and section 106(b)(4) on the development of agricultural-related private enterprise in each participating country.

"(f) The President may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the President shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Food Security Act of 1985 to carry out such assistance.

"(g) For each of the fiscal years 1986 through 1990, and in accordance with the provisions of section 106(b)(4) and this section, the President is encouraged to channel foreign currencies, in an amount equivalent to 25 percent of the value of sales agreements under this title, for loans for private enterprise investment provided there are appropriate proposals for such an amount of foreign currencies.

"(h) The provisions of this section apply notwithstanding any other provision of law.

"(i) As used in this section and in section 106(b)(4)—

"(1) the term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title; and

"(2) the term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President, that has the capability of making and servicing a loan in accordance with this section.".

CHILD IMMUNIZATION

SEC. 1112. (a) The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (11) of section 109 (7 U.S.C. 1709(11)) by inserting immediately before the period at the end thereof ", including the immunization of children";

(2) in the first sentence of section 206 (7 U.S.C. 1726) by striking out "or" before "(B)", and by inserting immediately before

the period at the end thereof ", or (C) health programs and projects, including immunization of children"; and

(3) in the second sentence of section 301(b) (7 U.S.C. 1727(b)) by inserting "(including immunization of children)" immediately after "health services".

(b) In the implementation of health programs undertaken in relation to assistance provided under the Agricultural Trade Development and Assistance Act of 1954, it shall be the goal of the organizations and agencies involved to provide as many additional immunizations of children as possible. Such increased immunization activities should be taken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President shall include information concerning such immunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection.

SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD AID

SEC. 1112. (a) The President shall appoint a Special Assistant to the President for Agricultural Trade and Food Aid (hereinafter in this section referred to as the "Special Assistant").

(b) The Special Assistant shall serve in the Executive Office of the President.

(c) The Special Assistant shall—

(1) assist and advise the President in order to improve and enhance food assistance programs carried out in the United States and foreign countries;

(2) be available to receive suggestions and complaints concerning the implementation of United States food aid and agricultural export programs anywhere in the United States Government and provide prompt responses thereto, including expediting the program implementation in any instances in which there is unreasonable delay;

(3) make recommendations to the President on means to coordinate and streamline the manner in which food assistance programs are carried out by the Department of Agriculture and the Agency for International Development, in order to improve their overall effectiveness;

(4) make recommendations to the President on measures to be taken to increase use of United States agricultural commodities and the products thereof through food assistance programs;

(5) advise the President on agricultural trade;

(6) advise the President on the Food for Progress Program and expedite its implementation;

(7) serve as a member of the Development Coordination Committee and the Food Aid Subcommittee of such Committee;

(8) advise departments and agencies of the Federal Government on their policy guidelines on basic issues of food assistance policy to the extent necessary to assure the coordination of food assistance programs, consistent with law, and with the advice of such Subcommittee; and

(9) submit a report to the President and Congress each year through 1990 containing—

(A) a global analysis of world food needs and production;

(B) an identification of at least 15 target countries which are most likely to emerge as growth markets for agricultural commodities in the next 5 to 10 years; and

(C) a detailed plan for using available export and food aid authorities to increase United States agricultural exports to those targeted countries.

(d) The Special Assistant shall also—

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that should be taken—

(A) to promote the export of United States agricultural commodities and the products thereof; and

(B) to expand export markets for United States agricultural commodities and the products thereof;

(2) develop and recommend to the President national agricultural polices to foster and promote the United States agricultural industry and to maintain and increase the strength of this vitally important sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States agricultural industry, for the purpose of determining the extent to which such programs and activities are contributing or not contributing to such industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of such programs and activities in contributing to such industry.

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Special Assistant for Agricultural Trade and Food Aid."

Subtitle B—Maintenance and Development of Export Markets

TRADE POLICY DECLARATION

SEC. 1121. (a) Congress finds that—

(1) the volume and value of United States agricultural exports have significantly declined in recent years as a result of unfair foreign competition and the high value of the dollar;

(2) this decline has been exacerbated by the lack of uniform and coherent objectives in United States agricultural trade policy and the absence of direction and coordination in trade policy formulation;

(3) agricultural interests have been under-represented in councils of government responsible for determining economic policy that has contributed to a strengthening of the United States dollar;

(4) foreign policy objectives of the United States have been introduced into the trade policy process in a manner injurious to the goal of maximizing United States economic interests through trade; and

(5) the achievement of that goal is in the best interests of the United States.

(b) It is hereby declared to be the agricultural trade policy of the United States to—

(1) provide through all means possible agricultural commodities and their products for export at competitive prices, with full assurance of quality and reliability of supply;

(2) support the principle of free trade and the promotion of fairer trade in agricultural commodities and their products;

(3) cooperate fully in all efforts to negotiate with foreign countries reductions in current barriers to fair trade;

(4) counter aggressively unfair foreign trade practices using all available means, including export restitution, export bonus programs, and, if necessary, restrictions on United States imports of foreign agricultural commodities and their products, as a means to encourage fairer trade;

(5) remove foreign policy constraints to maximize United States economic interests through agricultural trade; and

(6) provide for consideration of United States agricultural trade interests in the design of national fiscal and monetary policy that may foster continued strength in the value of the dollar.

TRADE LIBERALIZATION

SEC. 1122. (a) Congress finds that—

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT"); and

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports.

(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules and codes with the goal of reducing agricultural export subsidies, tariffs, and nontariff barriers to trade.

AGRICULTURAL TRADE CONSULTATIONS

SEC. 1123. (a) To improve the orderly marketing of United States agricultural commodities, to achieve higher income for United States producers of agricultural commodities, and to reduce the likelihood of an agricultural commodity price war and the need for export subsidy programs, the Secretary of Agriculture shall, in coordination with the United States Trade Representative, confer with representatives of other major agricultural producing countries and, at the earliest possible date, initiate and pursue agricultural trade consultations among major agricultural producing countries.

(b) It is the sense of Congress that the objectives of the consultations called for in subsection (a) should be to—

(1) increase the exchange of information on worldwide agricultural production, demand, and commodity supply levels;

(2) determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and

(3) attain increased cooperation in restraining export subsidy programs.

(c) The Secretary of Agriculture shall report to Congress by July 1, 1986, and annually thereafter through fiscal year 1990, on the progress of efforts to initiate and pursue the consultations called for in subsection (a), including any agreements reached with respect to the objectives set forth in subsection (b).

TARGETED EXPORT ASSISTANCE

SEC. 1124. (a) For export activities authorized to be carried out by the Secretary of Agriculture or the Commodity Credit Corporation, the Secretary of Agriculture shall use under this section, in addition to any funds or commodities otherwise required under this Act to be used for such activities, for the fiscal year ending September 30, 1986, and each of the fiscal years thereafter through September 30, 1990, not less than $325,000,000 of funds of, or an equal value of commodities owned by, the Corporation.

(b)(1) Funds or commodities made available for use under this section shall be used by the Secretary only to counter or offset the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (2)), import quotas, or other unfair trade practices of a foreign country.

(2) As used in paragraph (1), the term subsidy includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(c) The Secretary shall provide export assistance under this section on a priority basis in the case of—

(1) agricultural commodities and the products thereof with respect to which there has been a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411); or

(2) agricultural commodities and the products thereof for which exports have been adversely affected, as defined by the Secretary, by retaliatory actions related to a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411).

SHORT-TERM EXPORT CREDIT

SEC. 1125. (a) In making available any guarantees of the repayment of credit extended on terms of up to 3 years in connection with the export sale of United States agricultural commodities or the products thereof, the Commodity Credit Corporation shall take into account—

(1) the credit needs of countries that are potential purchasers of United States agricultural exports;

(2) the creditworthiness of such countries; and

(3) whether the availability of Commodity Credit Corporation guarantees will improve the competitive position of United States agricultural exports in world markets.

(b) Effective for the fiscal year ending September 30, 1986 and each fiscal year thereafter through the fiscal year ending September

30, 1990, the Commodity Credit Corporation shall make available not less than $5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof.

(c) Notwithstanding any other provision of law, the Secretary of Agriculture may not charge an origination fee with respect to any credit guarantee transaction under the Export Credit Guarantee Program (GSM–102) in excess of an amount equal to one percent of the credit extended under the transaction.

COOPERATOR MARKET DEVELOPMENT PROGRAM

SEC. 1126. (a) It is the sense of Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable.

(b) The cooperator market development program shall be exempt from the requirements of Circular A 110 issued by the Office of Management and Budget.

(c) Subclause (B) of section 1207(a)(5) of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m(a)(5)(B)) is amended to read as follows: "(B) funding an export market development program for value-added farm products and processed foods at a higher funding level than that provided during the fiscal year ending September 30, 1985; and".

DEVELOPMENT AND EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES

SEC. 1127. (a)(1) Notwithstanding any other provision of law, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall formulate and carry out a program under which agricultural commodities and the products thereof acquired by the Commodity Credit Corporation are provided to United States exporters, users, and processors and foreign purchasers at no cost to encourage the development, maintenance, and expansion of export markets for United States agricultural commodities and the products thereof, including value-added or high-value agricultural products produced in the United States.

(2)(A) The term "agricultural commodities", as used in this section in referring to United States agricultural commodities, includes, but is not limited to—

(i) wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States;

(ii) any other agricultural commodity produced in the United States that is determined by the Secretary of Agriculture to be in surplus supply and that can be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935; and

(iii) products of the commodities and products described in clauses (i) and (ii) that are processed in the United States.

(B) United States agricultural commodities, as described in clause (ii) of subparagraph (A), may not be purchased with funds available under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, for the sole purpose of use under the program under this section; and such commodities, or products thereof, may not be furnished to a United States user, exporter, processor, or foreign purchaser under the program under this section except by mutual agreement of such user, exporter, processor, or purchaser and the Secretary.

(3) In carrying out paragraph (1), the Secretary may provide such commodities in order to make United States commodities more competitive and shall, to the extent necessary, provide such commodities and products—

(A) to counter or offset—

(i) the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (4)) or other unfair trade practice of a foreign country that directly or indirectly benefits producers, processors, or exporters of agricultural commodities in such foreign country;

(ii) the adverse effects of United States agricultural price support levels that are temporarily above the export prices offered by overseas competitors in export markets; or

(iii) fluctuations in the exchange rate of the United States dollar against other major currencies; and

(B) in conjunction with an intermediate export credit program conducted by the Commodity Credit Corporation—

(i) for the export sale of breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

(ii) for the establishment of facilities in the importing nation to improve handling, marketing, processing, storage, or distribution of imported agricultural commodities (through the use of local currency generated from the import and sale of United States agricultural commodities or the products thereof to finance all or part of such facilities).

(4) As used in paragraph (3)(A)(i), the term "subsidy" includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(b) In carrying out the program established by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities and the products thereof in any case in which the importation of a manufactured product made, in whole or in part, from a commodity or the product thereof made available for export

under this section would place domestic users of the commodity or the product thereof at a competitive disadvantage;

(2) shall, to the extent that agricultural commodities and the products thereof are to be provided to foreign purchasers during any fiscal year, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and the products thereof and who continue to purchase such commodities and the products thereof on an annual basis in quantities greater than the level of purchases in a previous representative period;

(3) shall encourage increased use and avoid displacing usual marketings of United States agricultural commodities and the products thereof;

(4) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities or the products thereof the export of which is assisted under this section; and

(5) may provide to a United States exporter, user, processor, or foreign purchaser, under the program, agricultural commodities of a kind different than the agricultural commodity involved in the transaction for which assistance under this section is being provided.

(c)(1) If a country does not meet the financial qualifications for export credit or credit guarantees provided by the Commodity Credit Corporation, the Secretary may provide to such country agricultural commodities and the products thereof acquired by the Corporation to the extent necessary to reduce the cost to such country of purchasing United States agricultural commodities and to allow such country to meet such qualifications.

(2) The Secretary shall review and adjust annually the quantity of commodities provided to a country under paragraph (1) in order to encourage such country to place greater reliance on increased use of commercial trade to meet the qualifications referred to in paragraph (1).

(d)(1) In carrying out this section, the Secretary may make green dollar export certificates available to commercial exporters of United States agricultural commodities and the products thereof.

(2) The Secretary shall make such certificates available under such terms and conditions as the Secretary determines appropriate.

(3) The amount of such certificates to be made available to an exporter may be determined—

(A) on the basis of competitive bids submitted by exporters; or

(B) by announcement of the Secretary.

(4)(A) An exporter may redeem a green dollar export certificate for commodities owned by the Commodity Credit Corporation.

(B) For purposes of redeeming such certificates, the Secretary may establish values for such commodities that are different than the acquisition prices of such commodities.

(5) Such certificates—

(A) may be transferred among commercial exporters of United States agricultural commodities; and

(B) shall be redeemed within 6 months after the date of issuance.

(e) The Secretary of Agriculture shall carry out the program established by this section through the Commodity Credit Corporation.

(f) Any price restrictions that otherwise may be applicable to dispositions of agricultural commodities owned by the Commodity Credit Corporation shall not apply to agricultural commodities provided under this section.

(g) The program established under this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

(h) The authority provided under this section shall terminate on September 30, 1990.

(i) During the period beginning October 1, 1985, and ending September 30, 1988, the Secretary shall use agricultural commodities and the products thereof referred to in subsection (a) that are equal in value to not less than $2,000,000,000 to carry out this section. To the maximum extent practicable, such commodities shall be used in equal amounts during each of the years in such period.

POULTRY, BEEF AND PORK MEATS AND MEAT-FOOD PRODUCTS, EQUITABLE TREATMENT

SEC. 1128. In the case of any program operated by the Secretary of Agriculture during the years 1986 through 1989, for the purpose of encouraging or enhancing commercial sales in foreign export markets of agricultural products or commodities produced in the United States, which program includes the payment of a bonus or incentive (in cash, commodities, or other benefits) provided to the purchaser, the Secretary shall seek to expend annually at least 15 per centum of the total funds available (or 15 per centum of the value of any commodities employed to encourage such sales) for program activities to likewise encourage and enhance the export sales of poultry, beef or pork meat and meat products.

PILOT BARTER PROGRAM FOR EXCHANGE OF AGRICULTURAL COMMODITIES FOR STRATEGIC MATERIALS

SEC. 1129. Section 416 of the Agricultural Act of 1949 is amended by adding at the end thereof the following:

"(d)(1) The Secretary shall establish and carry out a pilot program under which strategic or other materials that the United States does not produce domestically in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet shall be acquired in exchange for commodities meeting the criteria specified in subsection (a).

"(2) The program established under paragraph (1) shall be carried out through agreements with at least two countries.

"(3) In establishing the pilot program under paragraph (2), the Secretary shall give priority to—

"(A) the acquisition of materials that involve less risk of loss through deterioration and have lower storage costs than the agricultural commodities or products for which they are exchanged; and

"(B) nations with food and currency reserve shortages.

"(4) To the extent practical, the Secretary shall use private channels of commerce to consummate any exchange of commodities for materials under the program.

"(5) Any materials acquired under the programs shall be held by the Commodity Credit Corporation and may be transferred, on a reimbursable basis, to any Department or agency of the United States that has responsibility for any reserve or other need for the material. Any material acquired, in excess of any required reserve, may be sold by the Corporation to the extent authorized by the Secretary taking into consideration any effect that such sale may have on the commercial market of such material.

"(6) The program established by the Secretary shall be carried out during the fiscal years ending September 30, 1986, and September 30, 1987, and the Secretary shall submit a report to Congress, not later than 60 days after the end of each such fiscal year with respect to the operation of the program.".

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1130. Section 4(d)(6) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)(6)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1990".

INTERMEDIATE EXPORT CREDIT

SEC. 1131. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "In addition, the Corporation may guarantee the repayment of loans made to finance such sales.";

(2) in paragraph (2)—

(A) by inserting ", and no loan may be guaranteed," after "financed";

(B) by striking out "or" at the end of clause (A);

(C) by striking out the period at the end of clause (B) and inserting in lieu thereof "; or"; and

(D) by inserting at the end thereof the following new clause:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) by striking out paragraph (7);

(4) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively;

(5) by inserting after paragraph (2) the following new paragraph:

"(3) The Secretary is encouraged, to the maximum extent practicable, to finance or guarantee the export sales of agricultural commodities under this subsection to purchasers from—

"(A) countries that are previous recipients of credit extended under title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.);

"(B) countries unable, as determined by the Secretary, to utilize other short-term export credit programs offered by the Secretary or the Commodity Credit Corporation; and

"(C) countries that are friendly countries, as defined in section 103(d) of such Act (7 U.S.C. 1703(d)).";

(6) in paragraph (4) (as redesignated by clause (4))—

(A) by inserting "or guarantees" after "financing";

(B) by striking out "and" at the end of subparagraph (C);

(C) by striking out "credit" in subparagraph (D);

(D) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof a semicolon; and

(E) by adding at the end thereof the following new subparagraphs:

"(E) to finance the importation of agricultural commodities by developing nations for use in meeting their food and fiber needs; and

"(F) otherwise to promote the export sales of agricultural commodities.";

(7) in paragraph (5) (as redesignated by clause (4))—

(A) by inserting "or guarantees" after "financing"; and

(B) by striking out "to encourage credit competition, or";

(8) in paragraph (6) (as redesignated by clause (4))—

(A) by inserting "(A)" after the paragraph designation;

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(C) by amending clause (i) (as redesignated) to read as follows:

"(i) Repayment shall be in dollars with intercst at a rate determined by the Secretary."; and

(D) by adding at the end thereof the following new subparagraph:

"(B) Contracts of guarantee under this subsection shall contain such terms and conditions as the Commodity Credit Corporation shall determine.";

(9) by inserting "or guarantees" after "financing" in paragraph (7) (as redesignated by clause (4));

(10) by inserting "or guaranteed" after "financed" in paragraph (8); and

(11) by adding at the end thereof the following new paragraph:

"(10) For purposes of guaranteeing export sales under this subsection, the Commodity Credit Corporation shall make available—

"(A) for each of the fiscal years ending September 30, 1986, through September 30, 1988, not less than $500,000,000; and

"(B) for each of the fiscal years ending September 30, 1989 and September 30, 1990, not more than $1,000,000,000.".

AGRICULTURAL ATTACHE REPORTS

SEC. 1132. (a) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture, including those stationed in foreign countries, to prepare and submit annually to the Secretary detailed reports that—

(1) document the nature and extent of—

(A) programs in such countries that provide direct or indirect government support for the export of agricultural commodities and the products thereof; and

(B) other trade practices that may impede the entry of United States agricultural commodities and the products thereof into such countries; and

(2) identify opportunities for the export of United States agricultural commodities and the products thereof to such countries.

(b) The Secretary shall annually compile the information contained in such reports and make such information available to Congress, the Agricultural Policy Advisory Committee and the agricultural technical advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155), and other interested parties.

(c) The United States Trade Representative shall—

(1) review the reports prepared under subsection (a) and any other information available to identify export subsidies or other export enhancing techniques (within the meaning of the agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade);

(2) identify markets (in order of priority) in which United States export subsidies can be used most efficiently and will have the greatest impact in offsetting the benefits of foreign export subsidies that—

(A) harm United States exports,

(B) are inconsistent with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade,

(C) nullify or impair benefits accruing to the United States under international agreements, or

(D) cause serious prejudice to the interests of the United States and

(3) submit to the Congress and to the Secretary of Agriculture an annual report on—

(A) the existence and status of export subsidies and other export enhancing techniques that are the subject of the investigation conducted under paragraph (1), and

(B) the identification and assignment of priority to markets under paragraph (2).

(d) The Secretary and the United States Trade Representative shall convene a meeting, at least once a year, of the Agricultural Policy Advisory Committee and the agricultural technical advisory committees to develop specific recommendations for actions to be taken by the Federal Government and private industry to—

(1) reduce or eliminate trade barriers or distortions identified in the annual reports required to be submitted under subsections (a) and (c); and

(2) expand United States agricultural export opportunities identified in such annual reports.

CONTRACT SANCTITY AND PRODUCER EMBARGO PROTECTION

SEC. 1133. (a) It is hereby declared to be the policy of the United States—

(1) to foster and encourage the export of agricultural commodities and the products of such commodities;

(2) not to restrict or limit the export of such commodities and products except under the most compelling circumstances;

(3) that any prohibition or limitation on the export of such commodities or products should be imposed only in time of a national emergency declared by the President under the Export Administration Act; and

(4) that contracts for the export of such commodities or products entered into before the imposition of any prohibition or limitation on the export of such commodities or products should not be abrogated.

(b) Section 1204 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736j) is amended—

(1) in subsection (a), by striking out "involved by" and all that follows through the period and inserting in lieu thereof "involved by making payments available to such producers, as provided in subsection (b) of this section.";

(2) by striking out "clause (1) of" in subsection (b);

(3) by striking out subsection (d); and

(4) by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

STUDY TO REDUCE FOREIGN EXCHANGE RISK

SEC. 1134. (a) The Secretary of Agriculture shall conduct a study to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations that is incurred by the purchasers of United States agricultural exports under United States export credit promotion programs. The purpose of the study is to examine whether the GSM–102 program and all other United States export credit initiatives relating to agricultural exports would be enhanced by the United States assuming the foreign exchange risk of the buyer which resulted from a rise in the value of the United States dollar compared to the trade-weighted index of the dollar. The index referred to is the "trade-weighted index" published by the Department of Commerce as a measurement of the relative buying power of the dollar compared to the currencies of nations trading with the United States. The elements of the program to be considered in this study would include the following:

(1) On the date a foreign buyer receives GSM–102 or other credit for purposes of purchasing United States agricultural products, the maximum loan repayment exchange rate would be tied to the trade-weighted value of the United States dollar on the same date.

(2) If in the future the United States dollar gains in strength (a higher trade-weighted index), the buyer would continue to repay the loan at the lower value fixed at the time the GSM–102 credit was extended.

(3) If the United States dollar falls in value during the term of the repayment period, the foreign buyer could calculate his repayment on the lower dollar value.

(b) Not later than six months after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle C—Export Transportation of Agricultural Commodities

FINDINGS AND DECLARATIONS

SEC. 1141. (a) The Congress finds and declares—

(1) that a productive and healthy agricultural industry and a strong and active United States maritime industry are vitally important to the economic well-being and national security objectives of our Nation;

(2) that both industries must compete in international markets increasingly dominated by foreign trade barriers and the subsidization practices of foreign governments; and

(3) that increased agricultural exports and the utilization of United States merchant vessels contribute positively to the United States balance of trade and generate employment opportunities in the United States.

(b) It is therefore declared to be the purpose and policy of the Congress in this subtitle—

(1) to enable the Department of Agriculture to plan its export programs effectively, by clarifying the ocean transportation requirements applicable to such programs;

(2) to take immediate and positive steps to promote the growth of the cargo carrying capacity of the United States merchant marine;

(3) to expand international trade in United States agricultural commodities and products and to develop, maintain, and expand markets for United States agricultural exports;

(4) to improve the efficiency of administration of both the commodity purchasing and selling and the ocean transportation activities associated with export programs sponsored by the Department of Agriculture;

(5) to stimulate and promote both the agricultural and maritime industries of the United States and encourage cooperative efforts by both industries to address their common problems; and

(6) to provide in the Merchant Marine Act, 1936, for the appropriate disposition of these findings and purposes.

EXEMPTION OF CERTAIN AGRICULTURAL EXPORTS FROM THE REQUIREMENTS OF THE CARGO PREFERENCE LAWS

SEC. 1142. The Merchant Marine Act, 1936, (46 U.S.C. 1101 et seq.) is amended by inserting after section 901 the following:

"SEC. 901a. The requirements of section 901(b)(1) of this Act and the Joint Resolution of March 26, 1934 (46 U.S.C. App. 1241-1), shall not apply to any export activities of the Secretary of Agriculture or the Commodity Credit Corporation—

"(1) under which agricultural commodities or the products thereof acquired by the Commodity Credit Corporation are made available to United States exporters, users, processors, or foreign purchasers for the purpose of developing, maintaining, or expanding export markets for United States agricultural commodities or the products thereof at prevailing world market prices;

"(2) under which payments are made available to United States exporters, users, or processors or, except as provided in section 901b, cash grants are made available to foreign purchasers, for the purpose described in paragraph (1);

"(3) under which commercial credit guarantees are blended with direct credits from the Commodity Credit Corporation to reduce the effective rate of interest on export sales of United States agricultural commodities or the products thereof;

"(4) under which credit or credit guarantees for not to exceed 3 years are extended by the Commodity Credit Corporation to finance or guarantee export sales of United States agricultural commodities or the products thereof; or

"(5) under which agricultural commodities or the products thereof owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services, but only if such materials, goods, equipment, or services are of a value at least equivalent to the value of the agricultural commodities or products exchanged or bartered therefor (determined on the basis of prevailing world market prices at the time of the exchange or barter), but nothing in this subsection shall be construed to exempt from the cargo preference provisions referred to in section 901b any requirement otherwise applicable to the materials, goods, equipment, or services imported under any such transaction.

"SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

"SEC. 901b. (a)(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of this Act, 25 percent of the gross tonnage of agricultural commodities or the products thereof specified in subsection (b) shall be transported on United States-flag commercial vessels.

"(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1)—

"(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

"(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

"(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

"(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

"(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

"(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

"(3) carried out under the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1);

"(4) under which agricultural commodities or the products thereof are—

"(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations; or

"(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

"(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

"(6) under which a cash grant is made directly or through an intermediary to a foreign purchaser for the purpose of enabling the purchaser to obtain United States agricultural commodities or the products thereof in an amount greater than the difference between the prevailing world market price and the United States market price, free along side vessel at United States port; or

"(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 901a(5).

"(c)(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of this Act.

"(2)(A) In order to provide for effective and equitable administration of the cargo preference laws the calendar year for the purpose of compliance with minimum percentage requirements shall be for 12 month periods commencing April 1, 1986.

"(B) In addition, the Secretary of Transportation, in administering this subsection and section 901(b), and consistent with these sections, shall take such steps as may be necessary and practicable without detriment to any port range to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

"(d) As used in subsection (b), the term 'export activity' does not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

"(e)(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under sections 901a through 901d in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

"(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

"MINIMUM TONNAGE

"SEC. 901c. (a)(1) For fiscal year 1986 and each fiscal year thereafter, the minimum quantity of agricultural commodities to be exported under programs subject to section 901b shall be the average of the tonnage exported under such programs during the base period defined in subsection (b), discarding the high and low years.

"(2) The President may waive the minimum quantity for any fiscal year required under paragraph (1) if he determines and reports to the Congress, together with his reasons, that such quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons which include the unavailability of funds.

"(b) The base period utilized for computing the minimum tonnage quantity referred to in subsection (a) for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year.

"FINANCING OF SHIPMENT OF AGRICULTURAL COMMODITIES IN UNITED STATES-FLAG VESSELS

"SEC. 901d. (a) The Secretary of Transportation shall finance any increased ocean freight charges incurred in any fiscal year which result from the application of section 901b.

"(b) If in any fiscal year the total cost of ocean freight and ocean freight differential for which obligations are incurred by the Department of Agriculture and the Commodity Credit Corporation on exports of agricultural commodities and products thereof under the agricultural export programs specified in section 901b(b) exceeds 20 percent of the value of such commodities and products and the cost of such ocean freight and ocean freight differential on which obligations are incurred by such Department and Corporation during such year, the Secretary of Transportation shall reimburse the Department of Agriculture and the Commodity Credit Corporation for the amount of such excess. For the purpose of this subsection, commodities shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)).

"(c) For the purpose of meeting those expenses required to be assumed under subsections (a) and (b), the Secretary of Transportation shall issue to the Secretary of the Treasury such obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of Transportation with the approval of the Secretary of the Treasury. Such obligations shall be at a rate of interest as determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such obligations during the month preceding the issuance of such obligations of the Secretary of Transportation. The Secretary of the Treasury shall purchase any obligations of the Secretary of Transportation issued under this subsection and, for the purpose of purchasing such obligations, the Secretary of the Treas-

ury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, after the date of the enactment of this Act and the purposes for which securities may be issued under such chapter are extended to include any purchases of the obligations of the Secretary of Transportation under this subsection. All redemptions and purchases by the Secretary of the Treasury of the obligations of the Secretary of Transportation shall be treated as public-debt transactions of the United States.

"(d) There is authorized to be appropriated annually for each fiscal year, commencing with the fiscal year beginning October 1, 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due on the obligations to the Secretary of the Treasury incurred under this section. Reimbursement of any such costs shall be made with appropriated funds, as provided in this section, rather than through cancellation of notes.

"(e) Notwithstanding the provisions of this section, in the event that the Secretary of Transportation is unable to obtain the funds necessary to finance the increased ocean freight charges resulting from the requirements of subsections (a) and (b) and section 901b(a), the Secretary of Transportation shall so notify the Congress within 10 working days of the discovery of such insufficiency.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 901e. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of sections 901a through 901k.

"TERMINATION OF SECTIONS 901a THROUGH 901k

"SEC. 901f. The operation of sections 901a through 901k shall terminate 90 days after the date on which a notification is made pursuant to section 901d(e), except with respect to shipments of agricultural commodities and products subject to contracts entered into before the expiration of such 90-day period, unless within such 90-day period the Secretary of Transportation proclaims that funds are available to finance increased freight charges resulting from the requirements of sections 901b(a) and 901d (a) and (b). In the event of termination under this section, nothing in sections 901a through 901d shall be construed as exempting export activities from or subjecting export activities to the cargo preference laws except to the extent those activities are exempt under section 4(b) of Public Law 95–501 (7 U.S.C. 1707a(b). In the event of termination under this section, the 50 percent requirement in section 901(b) of the Merchant Marine Act, 1936 shall be in full effect.

"NATIONAL ADVISORY COMMISSION ON AGRICULTURAL EXPORT TRANSPORTATION POLICY

"SEC. 901g. (a) There is hereby established an advisory commission to be known as the National Advisory Commission on Agricultural Export Transportation Policy (hereafter in this section through section 901j referred to as the 'Commission').

"(b)(1) The Commission shall be composed of 16 members.

"(2) Eight members of the Commission shall be appointed by the President.

"(3) The chairman and ranking minority members of the Senate Committee on Agriculture, Nutrition, and Forestry, of the Subcommittee on Merchant Marine of the Senate Committee on Commerce, Science, and Transportation, of the House Committee on Agriculture, and of the House Committee on Merchant Marine and Fisheries shall serve as members of the Commission.

"(4)(A) Four of the members appointed by the President shall be representatives of agricultural producers, cooperatives, merchandisers, and processors of agricultural commodities.

"(B) The remaining four members appointed by the President shall be representatives of the United States-flag maritime industry, two of whom shall represent labor and two of whom shall represent management.

"(c)(1) The members of the Commission shall elect a Chairman from among its members.

"(2) Any vacancy in the Commission does not affect its powers but shall be filled in the same manner in which the original appointment was made.

"DUTIES OF THE COMMISSION

"SEC. 901h. (a) It shall be the duty of the Commission to conduct a comprehensive study and review of the ocean transportation of agricultural exports subject to the cargo preference laws referred to in section 901b and to make recommendations to the President and the Congress for improving the efficiency of such transportation on United States-flag vessels in order to reduce the costs incurred by the United States in connection with such transportation. In carrying out such study and review, the Commission shall consider the extent to which any unfair or discriminatory practices of foreign governments increase the cost to the United States of transporting agricultural commodities subject to such cargo preference laws.

"(b)(1) The Commission shall submit an interim report to the President and the Congress not later than one year after the date of the enactment of this subtitle and such other interim reports as the Commission considers advisable.

"(2) The Commission shall submit a final report containing its findings and recommendations to the President and the Congress not later than two years after the date of the enactment of this subtitle. The report shall include recommendations for any changes in the provisions of paragraph (1) that would help assure that the cost of ocean freight and ocean freight differential incurred by the Department of Agriculture and the Commodity Credit Corporation on the agricultural export programs specified in section 901b, is not increased above historical levels as a result of the extra demand for United States-flag vessels caused by section 901b.

"(3) Sixty days after the submission of the final report, the Commission shall cease to exist.

"(c) The Commission shall include in its reports submitted pursuant to subsection (b) recommendations concerning the feasibility and desirability of achieving the following goals with respect to the

ocean transportation of agricultural commodities subject to the cargo preference laws referred to in section 901b:

"(1) Ensuring that the timing of commodity purchase agreements entered into by the United States in connection with the export of such commodities, and the methods of implementing such agreements, will minimize cost to the United States.

"(2) Ensuring that shipments of such commodities are made on the most modern and efficient United States-flag vessels available.

"(3) Ensuring that shipments of such commodities are made under the most advantageous terms available, including—

"(A) charters for full shiploads;

"(B) charters for intermediate or long term;

"(C) charters for consecutive voyages and contracts of afreightment; and

"(D) adjustment of rates in the event that vessels used for shipments of such commodities also carry cargoes on return voyages.

"(4) Reduction and elimination of impediments, including delays in port, to the efficient loading and operation of the vessels employed for shipment of such commodities.

"(5) Utilization of open and competitive bidding for the ocean transportation of such commodities.

"INFORMATION AND ASSISTANCE TO BE FURNISHED TO THE COMMISSION

"SEC. 901i. (a) Each department, agency, and instrumentality of the United States, including independent agencies, shall furnish to the Commission, upon request made by the Chairman, such statistical data, reports, and other information as the Commission considers necessary to carry out its functions.

"(b) The Secretary of Agriculture and the Secretary of Transportation shall make available to the Commission such staff, personnel, and administrative services as may reasonably be required to carry out the Commission's duties.

"COMPENSATION AND TRAVEL AND SUBSISTENCE EXPENSES OF COMMISSION MEMBERS

"SEC. 901j. Members of the Commission shall serve without compensation in addition to compensation they may otherwise be entitled to receive as employees of the United States or as Members of Congress, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

"DEFINITION OF UNITED STATES FLAG VESSEL ELIGIBLE TO CARRY CARGOES UNDER CERTAIN SECTIONS

"SEC. 901k. A United States flag vessel eligible to carry cargoes under sections 901b through 901d means a vessel, as defined in section 3 of title 1, United States Code, that is necessary for national security purposes and, if more than 25 years old, is within five years of having been substantially rebuilt and certified by the Secretary of

Transportation as having a useful life of at least five years after that rebuilding.".

EFFECT ON OTHER LAWS

SEC. 1143. This subtitle shall not be construed as modifying in any manner the provisions of section 4(b)(8) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(8)) or chapter 5 of title 5, United States Code.

Subtitle D—Agricultural Imports

TRADE CONSULTATIONS

SEC. 1151. (a) The Secretary of Agriculture shall require consultation between the Administrator of the Foreign Agricultural Service and the heads of other appropriate agencies and offices of the Department of Agriculture, including the Administrator of the Animal and Plant Health Inspection Service, before relaxing or removing any restriction on the importation of any agricultural commodity or a product thereof into the United States.

(b) The Secretary shall consult with the United States Trade Representative before relaxing or removing any restriction on the importation of any agricultural commodity or a product thereof into the United States.

APRICOT STUDY

SEC. 1152. (a) The Secretary of Agriculture, in conjunction with the United States Trade Representative, not later than 120 days after the date of enactment of this Act, shall complete a study to determine—

(1) the effect of apricot imports into the United States on the domestic apricot industry; and

(2) the extent and nature of apricot subsidies existing in the countries from which such apricot imports are derived.

(b) The Secretary shall report the results of the study conducted under subsection (a), as soon as the study is completed, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

STUDY RELATING TO BRAZILIAN ETHANOL IMPORTS

SEC. 1155. The Secretary of Agriculture shall conduct a study to determine the impact that the import of Brazilian ethanol has on the domestic price of corn and other grains and the domestic ethanol refining industry. The Secretary of Agriculture shall also, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted because of the interference of subsidized Brazilian ethanol with the domestic ethanol industry. Not later than 60 days after the enactment of this Act, the Secretary shall report the results of such study to the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate.

STUDY OF OAT IMPORTS

SEC. 1156. (a) The Secretary of Agriculture shall conduct a study of the impact of domestic farm programs of the increased importation of oats into the United States.

(b) By no later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Congress a report on the study conducted under subsection (a).

Subtitle E—Trade Practices

TOBACCO PESTICIDE RESIDUES

SEC. 1161. (a) Section 213 of the Dairy and Tobacco Adjustment Act of 1983 (7 U.S.C. 511r) is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of law:

"(1)(A) All flue-cured or burley tobacco offered for importation into the United States shall be accompanied by a certification by the importer, in such form as the Secretary of Agriculture shall prescribe, that the tobacco does not contain any prohibited residue of any pesticide that has been cancelled, suspended, revoked, or otherwise prohibited under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135 et seq.). Any flue-cured or burley tobacco that is not accompanied by such certification shall be inspected by the Secretary at the point of entry to determine whether that tobacco meets the pesticide residue requirements. Subsection (d) of this section shall apply with respect to fees and charges imposed to cover the costs of such inspection.

"(B) Any tobacco that is determined by the Secretary not to meet the pesticide residue requirements shall not be permitted entry into the United States.

"(C) The customs fraud provisions under section 592 of the Tariff Act of 1930, as amended (19 U.S.C. 1592), and criminal fraud provisions under section 1001 of title 18, United States Code, shall apply with respect to the certification requirement in subparagraph (A).

"(2) The Secretary shall by regulation provide for pesticide residue standards with respect to pesticides that are cancelled, suspended, revoked, or otherwise prohibited under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135 et seq.), that shall apply to flue-cured and burley tobacco, whether domestically produced or imported.

"(3) The Secretary, to such extent and at such times as the Secretary determines appropriate, shall sample and test flue-cured and burley tobacco offered for importation or for sale in the United States to determine whether it conforms with the pesticide residue requirements. The Secretary shall by regulation impose fees and charges for such inspections.

"(4) If the Secretary determines, as a result of tests conducted under paragraph (3), that certain flue-cured or burley tobacco offered for importation does not meet the requirements of this subsection, then such tobacco shall not be permitted entry into the United States.

"(5)(A) Subject to subparagraph (B), if the Secretary determines that domestically produced Flue-cured or Burley tobacco does not meet the requirements of this section, such tobacco may not be moved in commerce among the States and shall be destroyed by the Secretary.

"(B) This paragraph shall apply only to tobacco produced after the date of enactment of this provision that receives price support under the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).".

(b) The second sentence of section 213(d) of such Act is amended by inserting "and subsection (e)" after "subsection (a)(1)".

ASSESSMENT OF EXPORT DISPLACEMENT

SEC. 1162. (a) The Secretary of Agriculture shall assess each program, project, or activity administered by the Secretary or the Department of Agriculture that—

(1) provides assistance for establishing, expanding, or facilitating the production, marketing, or use of any agricultural commodity in a foreign country; and

(2) the Secretary determines is likely to have a detrimental impact on efforts to promote the export of United States agricultural commodities;

in order to determine if such program, project, or activity is likely to have such a detrimental impact.

(b) The Secretary shall provide the results of the assessment required under subsection (a)—

(1) in the case of current programs, projects, or activities, in a report made to the Congress not later than one year from the date of enactment of this section; and

(2) in the case of programs, projects, or activities undertaken after the date of enactment of this section, on a regular basis.

EXPORT SALES OF DAIRY PRODUCTS

SEC. 1163. (a) In each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, the Secretary of Agriculture shall sell for export, at such prices as the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation, of which not less than 100,000 metric tons shall be butter and not less than 20,000 metric tons shall be cheese, if that disposition of such commodities will not interfere with the usual marketings of the United States nor disrupt world prices of agricultural commodities and normal patterns of commercial trade.

(b) Such sales shall be made through the Commodity Credit Corporation under existing authority available to the Secretary or the Commodity Credit Corporation.

(c) Through September 30, 1988, the Secretary shall report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under this section.

UNFAIR TRADE PRACTICES

SEC. 1164. The Congress finds that—

(1) United States producers and processors of citrus, wheat flour, poultry, canned fruits, and raisins have filed petitions under section 302 of the Trade Act of 1974 alleging that the subsidies and discriminatory tariffs of the European Communities are inconsistent with the principles and terms of the General Agreement on Tariffs and Trade (hereafter referred to in this section as the "GATT") and have placed United States exporters at a competitive disadvantage;

(2) throughout the past decade, the European Communities has repeatedly rebuffed extensive United States efforts to resolve these matters through bilateral consultations and multilateral negotiations, as well as through consultations under the provisions of the GATT;

(3) after many years of frustrated discussions, the United States had no choice but to invoke the dispute settlement procedures of the GATT as the only remaining means of seeking redress for American producers and processors;

(4) investigatory panels, established by the GATT to review United States complaints with respect to citrus, canned fruits, and raisins, concluded that European Communities subsidies and discriminatory tariffs had nullified and impaired rights of United States exporters and were in violation of the GATT and recommended that the European Communities take necessary steps to rectify the matters;

(5) the European Communities has effectively and repeatedly prevented adoption by the GATT of each of these reports, most recently, the favorable report involving the 15-year-old citrus complaint;

(6) on May 1, 1985, the President concluded that the GATT dispute settlement process with respect to the citrus complaint was terminated and, pursuant to section 301 of the Trade Act of 1974, the President had to consider a subsequent course of action to redress the injury to United States citrus exporters;

(7) on June 20, 1985, the President announced that a reasonable and appropriate course of action in response to the unwillingness of the European Communities to implement the unanimous finding of the GATT panel or to negotiate a mutually acceptable resolution of the citrus complaint is to withdraw an equivalent amount of concessions from imported European Communities pasta products and, in response, the European Communities notified the United States that the European Communities would retaliate by increasing the European Communities duties on United States lemon and walnut imports;

(8) on July 19, 1985, the United States and the European Communities agreed to suspend until October 31, 1985, the tariff increases, in order to provide the European Communities with additional time to resolve the citrus complaint; and

(9) despite this suspension, the European Communities has failed to present to the United States an acceptable proposal to resolve the citrus complaint, and effective November 1, 1985, the United States reinstated the pasta tariff increase, and in turn,

the European Communities reinstated the lemon and walnut tariff increase.

(b) The President shall take all appropriate and feasible action within the power of the Presidency (including, but not limited to, the actions described in section 301 of the Trade Act of 1974 (19 U.S.C. 2411)) to—

(1) ensure a prompt and satisfactory resolution of all complaints regarding subsidies and discriminatory tariffs of the European Communities which—

(A) are set forth in petitions filed under section 302 of the Trade Act of 1974 by United States exporters of citrus, wheat flour, poultry, canned fruits, and raisins, and

(B) are pending before the GATT on the date of enactment of this Act; and

(2) balance the level of concessions in the trade between the United States and the European Communities.

THAI RICE

SEC. 1165. (a) Congress finds that—

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5 percent of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1,500,000,000;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985–1986 carryover of rice as a percentage of annual use is 62 percent;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of United States rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25 percent to 18 percent in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30 percent of the world market;

(9) Thai rice imports into the United States have displaced normal sales of United States rice and have increased Government costs;

(10) In 1983, the United States imported 33.2 million pounds of rice from Thailand, in 1984 the United States imported 51.3 million pounds of rice (an increase of 53 percent), and in the first six months of 1985, rice imports from Thailand to the United States have already reached 58.3 million pounds; and

(11) A petition has been filed with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the United States.

(b) Based upon these findings, it is the sense of Congress that—

(1) our domestic rice industry is of vital importance and must be protected from unfair foreign competition; and

(2) the Secretary of Commerce should give immediate consideration to the countervailing duty petition referred to in subsection (a)(11).

END USERS OF IMPORTED TOBACCO

SEC. 1166. Section 213 of the Dairy and Tobacco Adjustment Act of 1983 (7 U.S.C. 511r) is amended by adding after the subsection added by section 1161 of this Act the following:

"(f)(1) The certification required under subsection (e)(1) of this section shall also include the identification of any and all end users of such tobacco of which the importer has knowledge. Any flue cured or burley tobacco permitted entry into the United States must be accompanied by a written identification of any and all end users of such tobacco. In cases in which the importer has no knowledge of the identity of an end user, the importer shall identify any and all purchasers to whom the importer expects to transfer such imported tobacco. The importer shall file with the Department of Agriculture an amended statement if, at any time after the time of entry of such tobacco imports, the importer has knowledge of any additional purchaser or end user. In those cases in which the importer has not identified all end users of such imported tobacco, the Secretary of Agriculture shall take all steps available to ascertain the identity of any and all such end users, including requesting such information from purchasers of such imported tobacco. Domestic purchasers of imported tobacco shall be required to supply any relevant information to the Department of Agriculture upon demand under this subsection.

"(2) The Secretary shall provide to the Senate Committee on Agriculture, Nutrition, and Forestry, and the House Committee on Agriculture, on or before April 1, 1986, a report on the implementation of this authority to identify each end user and purchaser of imported tobacco. Such report shall identify the end users and purchasers of imported tobacco and the quantity, in pounds, bought by such end user or purchaser, as well as all steps taken by the Department of Agriculture to ascertain such identities. The Secretary shall provide an additional report, beginning November 15, 1986, and annual reports thereafter, on the implementation of this authority.

"(3) As used in this subsection, the term 'end user of imported tobacco' means—

"(A) a domestic manufacturer of cigarettes or other tobacco products;

"(B) an entity that mixes, blends, processes, alters in any manner, or stores, imported tobacco for export; and

"(C) any other individual that the Secretary may identify as making use of imported tobacco for the production of tobacco products.".

BARTER OF AGRICULTURAL COMMODITIES FOR STRATEGIC AND CRITICAL MATERIALS

SEC. 1167. (a) Congress finds that—

(1) the Commodity Credit Corporation, the General Services Administration, and the Department of Agriculture have au-

thority to barter or exchange agricultural commodities for strategic and critical materials for the national defense stockpile;

(2) from 1950 to 1973, the Department of Agriculture conducted a highly successful barter program using agricultural commodities to acquire strategic and critical materials;

(3) private commercial firms in the United States have entered into effective barter agreements with foreign governments or private parties in foreign countries to barter or exchange commodities and services to supplement customary commercial transactions in international markets;

(4) barter can be an effective secondary method of reducing excess supplies of agricultural commodities and adding needed strategic and critical materials to the national defense stockpile;

(5) barter can be used to help overcome certain currency exchange and balance-of-trade problems and to develop new markets for United States agricultural products;

(6) barter can be used to promote United States foreign policy interests; and

(7) several nations are potential partners in a revival of a coherent and well-managed government barter program.

(b) Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended—

(1) in the fourth sentence—

(A) by striking out "is authorized," and inserting in lieu thereof "shall, to the maximum extent practicable, in consultation with the Secretary of State, and"; and

(B) by striking out "to";

(2) in the fifth sentence, by striking out "normal commercial trade channels shall be utilized and priority shall be given" and inserting in lieu thereof "the Secretary shall: (1) use normal commercial trade channels; (2) take action to avoid displacing usual marketings of United States agricultural commodities and the products thereof; (3) take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities used for such exchange; and (4) give priority";

(3) by inserting after the fifth sentence the following new sentence: "The Corporation may solicit bids from, and utilize, private trading firms to effect such exchange of goods.";

(4) in the eighth sentence (as amended by clause (3)), by striking out "when" and inserting in lieu thereof "in the same fiscal year such materials are"; and

(5) by inserting after the eighth sentence (as amended by clause (3)) the following new sentence: "If the volume of petroleum products (including crude oil) stored in the Strategic Petroleum Reserve is less than the level prescribed under section 154 of the Energy Policy and Conservation Act (42 U.S.C. 6234), the Corporation shall, to the maximum extent practicable and with the approval of the Secretary of Agriculture, make available annually to the Secretary of Energy, upon the request of the Secretary of Energy, a quantity of agricultural products owned by the Corporation with a market value at the time of such request

of at least $300,000,000 for use by the Secretary of Energy in acquiring petroleum products (including crude oil) produced abroad for placement in the Strategic Petroleum Reserve through an exchange of such agricultural products. The terms and conditions of each such exchange, including provisions for full reimbursement to the Commodity Credit Corporation, shall be determined by the Secretary of Energy and the Secretary of Agriculture.".

(c) Section 310 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727g) is amended by inserting after the second sentence the following new sentence: "To the maximum extent practicable, the Secretary shall solicit bids from, and utilize, private trading firms to arrange or make barters or exchanges for strategic or other materials under clause (a).".

(d)(1) The Secretary of Agriculture shall encourage United States exporters of agricultural commodities and the products thereof to barter such commodities and products for foreign products needed by such exporters.

(2) The Secretary shall provide technical advice and assistance relating to the barter of agricultural commodities and the products thereof to any United States exporter who requests such advice or assistance.

TITLE XII—CONSERVATION

Subtitle A—Definitions

DEFINITIONS

Sec. 1201. (a) For purposes of subtitles A through E:

(1) The term "agricultural commodity" means—

(A) any agricultural commodity planted and produced in a State by annual tilling of the soil, including tilling by one-trip planters; or

(B) sugarcane planted and produced in a State.

(2) The term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program. Such district or unit of government may be referred to as a "conservation district", "soil conservation district", "soil and water conservation district", "resource conservation district", "natural resource district", "land conservation committee", or a similar name.

(3) The term "cost sharing payment" means a payment made by the Secretary to an owner or operator of a farm or ranch containing highly erodible cropland under the provisions of section 1234 (b) of this Act.

(4)(A) The term "converted wetland" means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated (including any activity that results in impairing or reducing the flow, circulation, or reach of water) for the purpose or to have the effect of making the production of an agricultural commodity possible if—

(i) such production would not have been possible but for such action; and

(ii) before such action—

(I) such land was wetland; and

(II) such land was neither highly erodible land nor highly erodible cropland.

(B) Wetland shall not be considered converted wetland if production of an agricultural commodity on such land during a crop year—

(i) is possible as a result of a natural condition, such as drought; and

(ii) is not assisted by an action of the producer that destroys natural wetland characteristics.

(5) The term "field" means such term as is defined in section 718.2(b)(9) of title 7 of the Code of Federal Regulations (as of January 1, 1985), except that any highly erodible land on which an agricultural commodity is produced after the date of enactment of this Act and that is not exempt under section 1212 shall be considered as part of the field in which such land was included on such date, unless the Secretary permits modification of the boundaries of the field to carry out subtitles A through E.

(6) The term "highly erodible cropland" means highly erodible land that is in cropland use, as determined by the Secretary.

(7)(A) The term "highly erodible land" means land—

(i) that is classified by the Soil Conservation Service as class IV, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of this Act; or

(ii) that has, or that if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope.

(B) For purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate of erosion under regulations issued by the Secretary.

(8) The term "hydric soil" means soil that, in its undrained condition, is saturated, flooded, or ponded long enough during a growing season to develop an anaerobic condition that supports the growth and regeneration of hydrophytic vegetation.

(9) The term "hydrophytic vegetation" means a plant growing in—

(A) water; or

(B) a substrate that is at least periodically deficient in oxygen during a growing season as a result of excessive water content.

(10) The term "in-kind commodities" means commodities that are normally produced on land that is the subject of an agreement entered into under subtitle D.

(11) The term "rental payment" means a payment made by the Secretary to an owner or operator of a farm or ranch containing highly erodible cropland to compensate the owner or op-

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erator for retiring such land from crop production and placing such land in the conservation acreage reserve in accordance with subtitle D.

(12) The term "Secretary" means the Secretary of Agriculture.

(13) The term "shelterbelt" means a vegetative barrier with a linear configuration composed of trees, shrubs, and other approved perennial vegetation.

(14) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(15) The term "vegetative cover" means—

(A) perennial grasses, legumes, forbs, or shrubs with an expected life span of 5 or more years; or

(B) trees.

(16) The term "wetland", except when such term is part of the term "converted wetland", means land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions.

(b) The Secretary shall develop—

(1) criteria for the identification of hydric soils and hydrophytic vegetation; and

(2) lists of such soils and such vegetation.

Subtitle B—Highly Erodible Land Conservation

program ineligibility

Sec. 1211. Except as provided in section 1212, and notwithstanding any other provision of law, following the date of enactment of this Act, any person who in any crop year produces an agricultural commodity on a field on which highly erodible land shall be ineligible for—

(1) as to any commodity produced during that crop year by such person—

(A) any type of price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that the proceeds of such loan will be used for a purpose

that will contribute to excessive erosion of highly erodible land; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) during such crop year for the storage of an agricultural commodity acquired by the Commodity Credit Corporation.

EXEMPTIONS

SEC. 1212. (a)(1) During the period beginning on the date of the enactment of this Act and ending on the later of January 1, 1990, or the date that is 2 years after the date land on which a crop of an agricultural commodity is produced was mapped by the Soil Conservation Service for purposes of classifying such land under the land capability classification system in effect on the date of enactment of this Act, except as provided in paragraph (2), no person shall become ineligible under section 1211 for program loans, payments, and benefits as the result of the production of a crop of an agricultural commodity on any land that was—

(A) cultivated to produce any of the 1981 through 1985 crops of an agricultural commodity; or

(B) set aside, diverted or otherwise not cultivated under a program administered by the Secretary for any such crops to reduce production of an agricultural commodity.

(2) If, as of January 1, 1990, or 2 years after the Soil Conservation Service has completed a soil survey for the farm, whichever is later, a person is actively applying a conservation plan based on the local Soil Conservation Service technical guide and approved by the local soil conservation district, in consultation with the local committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h (b)) and the Secretary, or by the Secretary, such person shall have until January 1, 1995, to comply with the plan without being subject to program ineligibility.

(b) No person shall become ineligible under section 1211 for program loans, payments, and benefits as the result of the production of a crop of an agricultural commodity—

(1) planted before the date of enactment of this Act;

(2) planted during any crop year beginning before the date of enactment of this Act;

(3) on highly erodible land in an area—

(A) within a conservation district, under a conservation system that has been approved by a conservation district after the district has determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for such district; or

(B) not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of such agricultural commodity on any highly erodible land subject to this title; or

(4) on highly erodible land that is planted in reliance on a determination by the Soil Conservation Service that such land was not highly erodible land, except that this paragraph shall not apply to any agricultural commodity that was planted on

any land after the Soil Conservation Service determines that such land is highly erodible land.

(c) Section 1211 shall not apply to a loan described in section 1211 made before the date of enactment of this Act.

SOIL SURVEYS

SEC. 1213. The Secretary shall, as soon as is practicable after the date of enactment of this Act, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle. In carrying out this section, the Secretary shall, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

SUBTITLE C—WETLAND CONSERVATION

PROGRAM INELIGIBILITY

SEC. 1221. Except as provided in section 1222 and notwithstanding any other provision of law, following the date of enactment of this Act, any person who in any crop year produces an agricultural commodity on converted wetland shall be ineligible for—

(1) as to any commodity produced during that crop year by such person—

(A) any type of price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that the proceeds of such loan will be used for a purpose that will contribute to conversion of wetlands (other than as provided in this subtitle) to produce an agricultural commodity; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) during such crop year for the storage of an agricultural commodity acquired by the Commodity Credit Corporation.

EXEMPTIONS

SEC. 1222. (a) No person shall become ineligible under section 1221 for program loans, payments, and benefits as the result of the production of a crop of an agricultural commodity on—

(1) converted wetland if the conversion of such wetland was commenced before the date of enactment of this Act;

(2) an artificial lake, pond, or wetland created by excavating or diking non-wetland to collect and retain water for purposes such as water for livestock, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice production, or flood control;

(3) a wet area created by a water delivery system, irrigation, irrigation system, or application of water for irrigation; or

(4) wetland on which production of an agricultural commodity is possible as a result of a natural condition, such as drought, and without action by the producer that destroys a natural wetland characteristic.

(b) Section 1221 shall not apply to a loan described in section 1221 made before the date of enactment of this Act.

(c) The Secretary may exempt a person from section 1221 for any action associated with the production of an agricultural commodity on converted wetland if the effect of such action, individually and in connection with all other similar actions authorized by the Secretary in the area, on the hydrological and biological aspect of wetland is minimal.

CONSULTATION WITH SECRETARY OF THE INTERIOR

SEC. 1223. The Secretary shall consult with the Secretary of the Interior on such determinations and actions as are necessary to carry out this subtitle, including—

(1) the identification of wetland;

(2) the determination of exemptions under section 1222; and

(3) the issuance of regulations under section 1244 to carry out this subtitle.

SUBTITLE D—CONSERVATION RESERVE

CONSERVATION RESERVE

SEC. 1231. (a) During the 1986 through 1990 crop years, the Secretary shall formulate and carry out a conservation acreage reserve program, in accordance with this subtitle, through contracts to assist owners and operators of highly erodible cropland in conserving and improving the soil and water resources of their farms or ranches.

(b) The Secretary shall enter into contracts with owners and operators of farms and ranches containing highly erodible cropland to place in the conservation reserve—

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 through 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1986 through 1988 crop years, a total of not less than 25, nor more than 45, million acres;

(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres.

(c)(1)(A) Notwithstanding subsection (b), effective for each of the fiscal years 1986 through 1989, the Secretary may reduce by up to 25 percent the number of acres of highly erodible land required to be placed under contract during each fiscal year if the Secretary determines that the rental payments to be made under section 1233(b) on such acres are likely to be significantly lower in the succeeding year.

(B) Paragraph (A) shall not affect the requirements of paragraph (5) of subsection (b).

(2) The Secretary may include in the program established under this subtitle lands that are not highly erodible lands but that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity.

(d) Under the program established under this subtitle, the Secretary shall not place under contract more than 25 percent of the cropland in any one county, except that the Secretary may exceed the limitation established by this subsection in a county to the extent that the Secretary determines that such action would not adversely affect the local economy of such county.

(e) For the purpose of carrying out this subtitle, the Secretary shall enter into contracts of not less than 10, nor more than 15, years.

DUTIES OF OWNERS AND OPERATORS

SEC. 1232. (a) Under the terms of a contract entered into under this subtitle, during the term of such contract, an owner or operator of a farm or ranch must agree—

(1) to implement a plan approved by the local conservation district (or in an area not located within a conservation district, a plan approved by the Secretary) for converting highly erodible cropland normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use (as defined by the Secretary), such as pasture, permanent grass, legumes, forbs, shrubs, or trees, substantially in accordance with a schedule outlined in the plan;

(2) to place highly erodible cropland subject to the contract in the conservation acreage reserve established under this subtitle;

(3) not to use such land for agricultural purposes, except as permitted by the Secretary;

(4) to establish approved vegetative cover on such land;

(5) on the violation of a term or condition of the contract at any time the owner or operator has control of such land—

(A) to forfeit all rights to receive rental payments and cost sharing payments under the contract and to refund to the Secretary any rental payments and cost sharing payments received by the owner or operator under the contract, together with interest thereon as determined by the Secretary, if the Secretary, after considering the recommendations of the soil conservation district and the Soil Conservation Service, determines that such violation is of such nature as to warrant termination of the contract; or

(B) to refund to the Secretary, or accept adjustments to, the rental payments and cost sharing payments provided to

the owner or operator, as the Secretary considers appropriate, if the Secretary determines that such violation does not warrant termination of the contract;

(6) on the transfer of the right and interest of the owner or operator in land subject to the contract—

(A) to forfeit all rights to rental payments and cost sharing payments under the contract; and

(B) to refund to the United States all rental payments and cost sharing payments received by the owner or operator, or accept such payment adjustments or make such refunds as the Secretary considers appropriate and consistent with the objectives of this subtitle,

unless the transferee of such land agrees with the Secretary to assume all obligations of the contract;

(7) not to conduct any harvesting or grazing, nor otherwise make commercial use of the forage, on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency;

(8) not to conduct any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of trees such as Christmas trees are prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that no contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning, or stand improvement of trees, on lands converted to forestry use;

(9) not to adopt any practice specified by the Secretary in the contract as a practice that would tend to defeat the purposes of this subtitle; and

(10) to comply with such additional provisions as the Secretary determines are desirable and are included in the contract to carry out this subtitle or to facilitate the practical administration thereof.

(b) The plan referred to in subsection (a)(1)—

(1) shall set forth—

(A) the conservation measures and practices to be carried out by the owner or operator during the term of the contract; and

(B) the commercial use, if any, to be permitted on the land during such term; and

(2) may provide for the permanent retirement of any existing cropland base and allotment history for the land.

(c) To the extent practicable, not less than one eighth of the number of acres of land that is placed in the conservation reserve under this subtitle in each of the 1986 through 1990 crop years shall be devoted to trees.

DUTIES OF THE SECRETARY

SEC. 1233. In return for a contract entered into by an owner or operator under section 1232, the Secretary shall—

(1) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest;

(2) for a period of years not in excess of the term of the contract, pay an annual rental payment in an amount necessary to compensate for—

(A) the conversion of highly erodible cropland normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use; and

(B) the retirement of any cropland base and allotment history that the owner or operator agrees to retire permanently; and

(3) provide conservation technical assistance to assist the owner or operator in carrying out the contract.

PAYMENTS

SEC. 1234. (a) The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subtitle—

(1) with respect to any cost-sharing payment obligation incurred by the Secretary, as soon as possible after the obligation is incurred; and

(2) with respect to any annual rental payment obligation incurred by the Secretary—

(A) as soon as practicable after October 1 of each calendar year; or

(B) at the discretion of the Secretary, at any time prior to such date during the year that the obligation is incurred.

(b) In making conservation payments to owners and operators under contracts entered into under this subtitle, the Secretary shall pay 50 percent of the cost of establishing conservation measures and practices set forth in such contracts for which the Secretary determines that cost-sharing is appropriate and in the public interest.

(c)(1) In determining the amount of annual rental payments to be paid to owners and operators for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners or operators of highly erodible cropland to participate in the program established by this subtitle.

(2) The amounts payable to owners or operators in the form of rental payments under contracts entered into under this subtitle may be determined through—

(A) the submission of bids for such contracts by owners and operators in such manner as the Secretary may prescribe; or

(B) such other means as the Secretary determines are appropriate.

(3) In determining the acceptability of contract offers, the Secretary may—

(A) take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted;

(B) where appropriate, accept contract offers that provide for the establishment of—

(i) shelterbelts and windbreaks; or

(ii) permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially;

(C) establish different criteria in various States and regions of the United States to determine the extent to which erosion may be abated; and

(D) give priority to offers made by owners and operators who are subject to the highest degree of economic stress, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

(d)(1) Except as otherwise provided in this section, payments under this subtitle—

(A) shall be made in cash or in commodities in such amount and on such time schedule as is agreed on and specified in the contract; and

(B) may be made in advance of determination of performance.

(2) If such payment is made with in-kind commodities, such payment shall be made by the Commodity Credit Corporation—

(A) by delivery of the commodity involved to the owner or operator at a warehouse or other similar facility located in the county in which the highly erodible cropland is located or at such other location as is agreed to by the Secretary and the owner or operator;

(B) by the transfer of negotiable warehouse receipts; or

(C) by such other method, including the sale of the commodity in commercial markets, as is determined by the Secretary to be appropriate to enable the owner or operator to receive efficient and expeditious possession of the commodity.

(3) If stocks of a commodity acquired by the Commodity Credit Corporation are not readily available to make full payment in kind to the owner or operator, the Secretary may substitute full or partial payment in cash for payment in kind.

(e) If an owner or operator who is entitled to a payment under a contract entered into under this subtitle dies, becomes incompetent, is otherwise unable to receive such payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make such payment, in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all of the circumstances.

(f)(1) The total amount of rental payments, including rental payments made in the form of in-kind commodities, made to an owner or operator under this subtitle for any fiscal year may not exceed $50,000.

(2)(A) The Secretary shall issue regulations—

(i) defining the term "person" as used in this subsection; and

(ii) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitation contained in this subsection.

(B) The regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307), shall be used to determine whether corporations and their stockholders may be considered as separate persons under this subsection.

(3) Rental payments received by an owner or operator shall be in addition to, and not affect, the total amount of payments that such owner or operator is otherwise eligible to receive under this Act or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

CONTRACTS

SEC. 1235. (a)(1) No contract shall be entered into under this subtitle concerning land with respect to which the ownership has changed in the 3-year period preceding the first year of the contract period unless—

(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

(B) the new ownership was acquired before January 1, 1985; or

(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program established by this subtitle.

(2) Paragraph (1) shall not—

(A) prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this subtitle; or

(B) require a person to own the land as a condition of eligibility for entering into the contract if the person—

(i) has operated the land to be covered by a contract under this section for at least 3 years preceding the date of the contract or since January 1, 1985, whichever is later; and

(ii) controls the land for the contract period.

(b) If during the term of a contract entered into under this subtitle an owner or operator of land subject to such contract sells or otherwise transfers the ownership or right of occupancy of such land, the new owner or operator of such land may—

(1) continue such contract under the same terms or conditions;

(2) enter into a new contract in accordance with this subtitle; or

(3) elect not to participate in the program established by this subtitle.

(c)(1) The Secretary may modify a contract entered into with an owner or operator under this subtitle if—

(A) the owner or operator agrees to such modification; and

(B) the Secretary determines that such modification is desirable—

(i) to carry out this subtitle;

(ii) to facilitate the practical administration of this subtitle; or

(iii) to achieve such other goals as the Secretary determines are appropriate, consistent with this subtitle.

(2) The Secretary may modify or waive a term or condition of a contract entered into under this subtitle in order to permit all or part of the land subject to such contract to be devoted to the production of an agricultural commodity during a crop year, subject to such conditions as the Secretary determines are appropriate.

(d)(1) The Secretary may terminate a contract entered into with an owner or operator under this subtitle if—

(A) the owner or operator agrees to such termination; and

(B) the Secretary determines that such termination would be in the public interest.

(2) At least 90 days before taking any action to terminate under paragraph (1) all conservation reserve contracts entered into under this subtitle, the Secretary shall provide written notice of such action to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

BASE HISTORY

SEC. 1236. (a) A reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve authorized by this subtitle, as determined by the Secretary, shall be made during the period of the contract, in the aggregate, in crop bases, quotas, and allotments on the farm with respect to crops for which there is a production adjustment program.

(b) Notwithstanding sections 1211 and 1221, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under this section, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently that cropland base and allotment history.

SUBTITLE E—ADMINISTRATION

USE OF COMMODITY CREDIT CORPORATION

SEC. 1241. (a)(1) During each of the fiscal years ending September 30, 1986, and September 30, 1987, the Secretary shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out subtitle D.

(2) During the fiscal year ending September 30, 1988, and each fiscal year thereafter, the Secretary may use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out subtitle D, except that the Secretary may not use funds of the Corporation for such purpose unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this subtitle.

(b) The authority provided by subtitles (A) through (E) shall be in addition to, and not in place of, other authority granted to the Secretary and the Commodity Credit Corporation.

USE OF OTHER AGENCIES

SEC. 1242. (a) In carrying out subtitles B, C, and D the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)).

(b)(1) In carrying out subtitle D, the Secretary may utilize the services of the Soil Conservation Service and the Forest Service, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h), soil and water conservation districts, and other appropriate agencies.

(2) In carrying out subtitle D at the State and county levels, the Secretary shall consult with, to the extent practicable, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, soil-conservation districts, and other appropriate agencies.

ADMINISTRATION

SEC. 1243. (a) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under subtitle (A) through (E) may seek review of such determination.

(b) Ineligibility under section 1211 or 1212 of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on lands other than those operated by the tenant or sharecropper.

(c) In carrying out B subtitles A through E, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program established by subtitle D.

REGULATIONS

SEC. 1244. Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out subtitles (A) through (E), including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under subtitle (B) and (C), so as to ensure a fair and reasonable determination of ineligibility; and

(3) protect the interests of landlords, tenants, and sharecroppers.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1245. There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out subtitles A through E.

Subtitle F—Other Conservation Provisions

technical assistance for water resources

Sec. 1251. (a) Notwithstanding any other provision of law, the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions, at their request, to—

(1) protect the quality and quantity of subsurface water, including water in the Nation's aquifers;

(2) enable property owners to reduce their vulnerability to flood hazards that also may affect water resources; and

(3) control the salinity in the Nation's agricultural water resources.

(b) The Secretary shall submit by February 15, 1987, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the plans and technical assistance authorized in subsection (a). Such report shall include any recommendations as to whether the plan and assistance should be extended, how any plan and assistance could be improved, and any other relevant information and data relating to costs and other elements of the plan or assistance that would be helpful to such Committees.

soil and water resources conservation

Sec. 1252. (a) Subsection (d) of section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004(b)) is amended to read as follows:

"(d) The Secretary shall conduct four comprehensive appraisals under this section, to be completed by December 31, 1979, December 31, 1986, December 31, 1995, and December 31, 2005, respectively. The Secretary may make such additional interim appraisals as the Secretary considers appropriate.".

(b) Subsection (b) of section 6 of such Act (16 U.S.C. 2205(b)) is amended to read as follows:

"(b) The initial program shall be completed not later than December 31, 1979, and program updates shall be completed by December 31, 1987, December 31, 1997, and December 31, 2007, respectively.".

(c) Section 7 of such Act (16 U.S.C. 2006) is amended by—

(1) striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a)(1) At the time Congress convenes in 1980, 1987, 1996, and 2006, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the appraisal developed under section 5 and completed prior to the end of the previous year.

"(2) At the time Congress convenes in 1980, 1988, 1998, and 2008, the President shall transmit to the Speaker of the House of Representatives and the President of the Senate the initial program or updated program developed under section 6 and completed prior to the end of the previous year, together with a detailed statement of policy regarding soil and water conservation activities of the United States Department of Agriculture.";

(2) striking out subsection (b); and

(3) redesignating subsection (c) as subsection (b).

(d) Section 10 of such Act (16 U.S.C. 2009) is amended by striking out "1985" and inserting in lieu thereof "2008".

DRY LAND FARMING

SEC. 1253. The first sentence of section 7(a) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g(a)) is amended by—

(1) striking out "and" at the end of clause (5); and

(2) inserting before the period the following:

", and (7) the promotion of energy and water conservation through dry land farming".

SOFTWOOD TIMBER

SEC. 1254. Section 608 of the Agricultural Programs Adjustment Act of 1984 (7 U.S.C. 1981 note) is amended to read as follows:

"SOFTWOOD TIMBER

"SEC. 608. (a)(1) Notwithstanding any other provision of law, the Secretary of Agriculture (hereinafter in this section referred to as the 'Secretary') may implement a program, pursuant to the recommendations contained in the study mandated by section 608 of the Agricultural Programs Adjustment Act of 1984 (7 U.S.C. 1421 note), under which a distressed loan (as determined by the Secretary) made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or a portion thereof, may be reamortized with the use of future revenue produced from the planting of softwood timber crops on marginal land (as determined by the Secretary) that—

"(A) was previously used to produce an agricultural commodity or as pasture; and

"(B) secures a loan made or insured under such Act.

"(2) Accrued interest on a loan reamortized under this section may be capitalized and interest charged on such interest.

"(3) All or a portion of the payments on such reamortized loan may be deferred until such softwood timber crop produces revenue or for a term of 45 years, whichever comes first.

"(4) Repayment of such reamortized loan shall be made not later than 50 years after the date of reamortization.

"(b) The interest rate on such reamortized loans shall be determined by the Secretary, but not in excess of the current average yield on outstanding marketable obligations of the United States with periods to maturity comparable to the average maturities of such loans, plus not to exceed 1 percent, as determined by the Secretary and adjusted to the nearest one-eighth of 1 percent.

"(c) To be eligible for such program—

"(1) the borrower of such reamortized loan must place not less than 50 acres of such land in softwood timber production;

"(2) such land (including timber) may not have any lien against such land other than a lien for—

"(A) a loan made or insured under the Consolidated Farm and Rural Development Act to secure such reamortized loan; or

"(B) a loan made under this section, at the time of reamortization or thereafter, that is subject to a lien on such land (including timber) in favor of the Secretary; and

"(3) the total amount of loans secured by such land (including timber) may not exceed $1,000 per acre.

"(d)(1) To assist such borrowers to place such land in softwood timber production, the Secretary may make loans to such borrowers for such purpose in an aggregate amount not to exceed the actual cost of tree planting for land placed in the program.

"(2) Any such loan shall be secured by the land (including timber) on which the trees are planted.

"(3) Such loans shall be made on the same terms and conditions as are provided in this section for reamortized loans.

"(e) The Secretary shall issue such rules as are necessary to carry out this section, including rules prescribing terms and conditions for—

"(1) reamortizing and making loans under this section;

"(2) entering into security instruments and agreements under this section; and

"(3) management and harvesting practices of the timber crop.

"(f) There are authorized to be appropriated such sums as are necessary to carry out this section.

"(g) No more than 50,000 acres may be placed in such program.".

AMENDMENT TO FARMLAND PROTECTION POLICY ACT

SEC. 1255. (a) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out "Within one year after the enactment of this subtitle," and inserting in lieu thereof "On January 1, 1987, and at the beginning of each subsequent calendar year.".

(b) Section 1548 of such Act (7 U.S.C. 4209) is amended by striking out "any State, local unit of government, or" and inserting before the period ": Provided, That the Governor of an affected State where a State policy or program exists to protect farmland may bring an action in the Federal district court of the district where a Federal program is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant thereto".

TITLE XIII—CREDIT

JOINT OPERATIONS

SEC. 1301. (a) Sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941(a), respectively) are each amended by—

(1) striking out "and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof;

(2) striking out ", and partnerships" each place it appears after "corporations" and inserting ", partnerships, and joint operations" in lieu thereof; and

(3) striking out "members, stockholders, or partners, as applicable," each place it appears and inserting "individuals" in lieu thereof.

(b) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended by—

(1) striking out "and" before "(6)"; and

(2) inserting before the period at the end thereof the following: ", and (7) the term 'joint operation' means a joint farming operation in which two or more farmers work together sharing equally or unequally land, labor, equipment, expenses, and income".

ELIGIBILITY FOR REAL ESTATE AND OPERATING LOANS

SEC. 1302. (a) Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended by—

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 303 solely to borrowers of loans that are outstanding on the date of enactment of the Food Security Act of 1985.".

(b) Section 311 of such Act (7 U.S.C. 1941) is amended by adding at the end thereof the following new subsection:

"(c) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 312 solely to borrowers of loans that are outstanding on the date of enactment of the Food Security Act of 1985.".

FAMILY FARM RESTRICTION

SEC. 1303. Sections 302 and 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 and 1941) are each amended by adding, at the end of the parenthetical provision in clause (3) of the second sentence, the following: "or, in the case of holders of the entire interest who are related by blood or marriage and all of whom are or will become farm operators, the ownership interest of each such holder separately constitutes not larger than a family farm, even if their interests collectively constitute larger than a family farm, as defined by the Secretary".

WATER AND WASTE DISPOSAL FACILITIES

SEC. 1304. (a) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following:

"The Secretary shall fix the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels."; and

(2) adding at the end thereof the following:

"(16)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low income and in which water supply systems or waste facilities are unhealthful.

"(C) Not less than 1 nor more than 2 per centum of any funds provided in appropriations acts to carry out paragraph (2) of this subsection for any fiscal year shall be reserved for grants under subparagraph (A) unless the applications, qualifying for grants, received by the Secretary from eligible nonprofit organizations for the fiscal year total less than 1 per centum of those funds.

"(17) In the case of water and waste disposal facility projects serving more than one separate rural community, the Secretary shall use the median population level and the community income level of all the separate communities to be served in applying the standards specified in paragraph (2) of this subsection and section 307(a)(3)(A).

"(18) Grants under paragraph (2) of this subsection may be used to pay the local share requirements of another Federal grant-in-aid program to the extent permitted under the law providing for such grant-in-aid program.

"(19)(A) In the approval and administration of a loan made under paragraph (1) for a water or waste disposal facility, the Secretary shall consider fully any recommendation made by the loan applicant or borrower concerning the technical design and choice of materials to be used for such facility.

"(B) If the Secretary determines that a design or materials, other than those that were recommended, should be used in the water or waste disposal facility, the Secretary shall provide such applicant or borrower with a comprehensive justification for such determination.".

(b)(1) The Secretary of Agriculture shall—

(A) conduct a study of the practicality and cost effectiveness of making loans and grants under section 306 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926) for the construction of water and waste disposal facilities in rural areas at individual locations, rather than central or community locations; and

(B) in such study consider the feasibility of small multiuser drinking water facilities, the costs involved in connecting rural residents into the community water systems, improvements to small community water systems, and alternative rural drinking water systems.

(2) Not later than 120 days after the date of enactment of this Act, the Secretary shall submit a report on the results of the study required under paragraph (1) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

MINERAL RIGHTS AS COLLATERAL

SEC. 1305. Section 307 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927) is amended by adding at the end thereof the following:

"(d) With respect to a farm ownership loan made after the date of the enactment of this subsection, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan. Nothing in this subsection shall prevent the inclusion of, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.".

FARM RECORDKEEPING TRAINING FOR LIMITED RESOURCE BORROWERS

SEC. 1306. The first sentence of section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by striking out "and" at the end of clause (10); and

(2) by inserting before the period at the end thereof the following new clause: ", and (12) training in maintaining records of farming and ranching operations for limited resource borrowers receiving loans under section 310D".

NONSUPERVISED ACCOUNTS

SEC. 1307. Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended by adding at the end the following:

"(e) Notwithstanding any other provision of this title, the Secretary shall reserve not more than 10 percent of any loan made under this subtitle or $5,000 of such loan, whichever is less, to be placed in a nonsupervised bank account which may be used at the discretion of the borrower for necessary family living needs or purposes not inconsistent with previously agreed upon farming or ranching plans. If the borrower exhausts this reserve, the Secretary may review and adjust the farm plan with the borrower and consider rescheduling the loan, extending additional credit, the use of income proceeds to pay necessary farm and home and other expenses, or additional available loan servicing.".

ELIGIBILITY FOR EMERGENCY LOANS

SEC. 1308. (a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by—

(1) inserting after "United States" in clause (1) of the first sentence "and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms";

(2) in clause (2) of the first sentence, striking out "farm cooperatives or private domestic corporations or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture," and inserting in lieu thereof the following: "farm cooperatives, private domestic corporations, partnerships, or joint operations (A) that are engaged primarily in farming, ranching, or aquaculture, and (B) in which a majority interest is held by individuals who are citizens of the United States and who are owner-operators (in the case of loans for a purpose under subtitle A) or operators (in the case of loans for a purpose under subtitle B) of not larger than family farms (or in the case of such cooperatives, corporations, partnerships, or joint operations in which a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm),"; and

(3) inserting after the first sentence the following: "In addition to the foregoing requirements of this subsection, in the case of farm cooperatives, private domestic corporations, partnerships, and joint operations, the family farm requirement of the preceding sentence shall apply as well to all farms in which the entity has an ownership and operator interest (in the case of loans for a purpose under subtitle A) or an operator interest (in the case of loans for a purpose under subtitle B).".

(b)(1) Subsection (b) of section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(b)) is amended to read as follows:

"(b) An applicant shall be ineligible for financial assistance under this subtitle for crop losses if crop insurance was available to the applicant for such crop losses under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).".

(2) The amendment made by paragraph (1) shall not apply to a person whose eligibility for an emergency loan is the result of damage to an annual crop planted or harvested before the end of 1986.

(3) Section 324(b)(1) of such Act (7 U.S.C. 1964(b)(1)) is amended by striking out "but (A)" and all that follows through "Secretary" and inserting in lieu thereof "but not in excess of 8 percent per annum".

(c) Subsection (a) of section 324 of such Act (7 U.S.C. 1964(a)) is amended to read as follows:

"(a) No loan made or insured under this subtitle may exceed the amount of the actual loss caused by the disaster or $500,000, whichever is less, for each disaster.".

(d) Section 330 of such Act (7 U.S.C. 1971) is repealed.

SETTLEMENT OF CLAIMS

SEC. 1309. Subsection (d) of the second paragraph of section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(d)) is amended to read as follows:

"(d) compromise, adjust, reduce, or charge-off claims, and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, to carry out this title. The Secretary may release borrowers or others obligated on a debt incurred under this title from personal liability with or without payment of any consideration at the time of the compromise, adjustment, reduction, or charge-off of any claim, except that no compromise, adjustment, reduction, or charge-off of any claim may be made or carried out—

"(1) on terms more favorable than those recommended by the appropriate county committee utilized pursuant to section 332; or

"(2) after the claim has been referred to the Attorney General, unless the Attorney General approves;".

OIL AND GAS ROYALTIES

SEC. 1310. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 331B the following new section:

"SEC. 331C. (a) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(1) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(2) the sale of oil, gas, or other minerals removed from real property used to secure such loan, if the value of the rights to such oil, gas, or other minerals has not been used to secure such loan.

"(b) Subsection (a) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Food Security Act of 1985.".

(b) Section 204 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. 1947 note) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(A) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(B) the sale of oil, gas, or other minerals removed from real property used to secure such loan if the value of the rights to such oil, gas, or other minerals has not been used to secure such loan.

"(2) Paragraph (1) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Food Security Act of 1985.".

COUNTY COMMITTEES

SEC. 1311. Section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is amended to read as follows:

"(a) In each county or area in which activities are carried out under this title, there shall be a county committee composed of three members. Two members shall be elected, from among their number, by farmers deriving the principal part of their income from farming who reside within the county or area, and one member, who shall reside within the county or area, shall be appointed by the Secretary for a term of three years. At the first election of county committee members under this subsection, one member shall be elected for a term of one year and one member shall be elected for a term of two years. Thereafter, elected members of the county committee shall be elected for a term of three years. The Secretary, in selecting the appointed member of the county committee, shall ensure that, to the greatest extent practicable, the committee is fairly representative of the farmers in the county or area. The Secretary may appoint an alternate for each member of the county committee. Appointed and alternate members of the county committee shall be removable by the Secretary for cause. The Secretary shall issue such regulations as are necessary relating to the election and appointment of members and alternate members of the county committees.".

PROMPT APPROVAL OF LOANS AND LOAN GUARANTEES

SEC. 1312. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this title, and notify the applicant of such action, not later than 60 days after the Secretary has received a complete application for such loan or loan guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete not later than 20 days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b)(1) Except as provided in paragraph (2), if an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant not later than 15 days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary.

"(2) If the Secretary is unable to provide the loan proceeds to the applicant within such 15-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event later than 15 days unless the applicant agrees to a longer period) after sufficient funds for such purpose become available to the Secretary.

"(c) In an application for a loan or loan guarantee under this title is disapproved by the Secretary, but such action is subsequently reversed or revised as the result of an appeal within the Department of Agriculture or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secre-

tary shall act on the application and provide the applicant with notice of the action within 15 days after return of the application to the Secretary.

"(d) In carrying out the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations, the Secretary shall ensure that each request of a lending institution for designation as an approved lender under such program is reviewed, and a decision made on the application, not later than 15 days after the Secretary has received a complete application for such designation.

"(e)(1) As soon as practicable after the date of enactment of the Food Security Act of 1985, the Secretary shall take such steps as are necessary to make personnel, including the payment of overtime for such personnel, and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers.

"(2) In carrying out paragraph (1), the Secretary may use any authority of law provided to the Secretary, including—

"(A) the Agricultural Credit Insurance Fund established under section 309; and

"(B) the employment procedures used in connection with the emergency loan program established under subtitle C.".

(b) The amendment made by subsection (a) shall be effective with respect to applications for loans or loan guarantees under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) received by the Secretary of Agriculture after the date of enactment of this Act.

APPEALS

SEC. 1313. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1312) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan, or an applicant for or recipient of a loan guarantee, under this title who has been directly and adversely affected by a decision of the Secretary made under this title (hereafter in this section referred to as the 'appellant') with written notice of the decision, an opportunity for an informal meeting, and an opportunity for a hearing with respect to such decision, in accordance with regulations issued by the Secretary consistent with this section.

"(b)(1) Not later than 10 days after such adverse decision, the Secretary shall provide the appellant with written notice of the decision, an opportunity for an informal meeting, an opportunity for a hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(2) Upon the request of the appellant and in order to provide an opportunity to resolve differences and minimize formal appeals, the Secretary shall hold an informal meeting with the appellant prior to the initiation of any formal appeal of the decision of the Secretary.

"(c)(1) An appellant shall have the right to have—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers Home Administration located in the area of the appellant; and

"(B) representation by an attorney or nonattorney during the inspection and reproduction of files under subparagraph (A) and at any informal meeting or hearing.

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).".

(b)(1) The Secretary of Agriculture shall conduct a study of the administrative appeals procedure used in the farm loan programs of the Farmers Home Administration.

(2) In conducting such study, the Secretary shall examine—

(A) the number and type of appeals initiated by loan applicants and borrowers;

(B) the extent to which initial administrative actions are reversed on appeal;

(C) the reasons that administrative actions are reversed, modified, or sustained on appeal;

(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

(E) the quantity of time required to complete action on appeals and the reasons for delays;

(F) the feasibility of the use of administrative law judges in the appeals process; and

(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

(c) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

DISPOSITION AND LEASING OF FARMLAND

SEC. 1314. (a) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by—

(1) striking out "Real" in subsection (b) and inserting in lieu thereof "Except as provided in subsection (e), real";

(2) in subsection (c)—

(A) striking out "The" in the first sentence and inserting in lieu thereof "Except as provided in subsection (e), the"; and

(B) adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the Secretary may for conservation purposes grant or sell an easement, restriction, development rights, or the equivalent thereof, to a unit of local or State government or a private nonprofit organization separately from the underlying fee or sum of all other rights possessed by the United States."; and

(3) by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall to the extent practicable sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-size farms.

"(B) Lease of such farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(2) The Secretary shall not offer for sale or sell any such farmland if the placing of such farmland on the market will have a detrimental effect on the value of farmland in the area.

"(3)(A) The Secretary shall consider granting, and may grant, to an operator of not larger than a family-size farm, in conjunction with paragraph (3), a lease with an option to purchase farmland administered under this title.

"(B) The Secretary shall issue regulations providing for leasing such land, or leasing such land with an option to purchase, on a fair and equitable basis.

"(C) In leasing such land, the Secretary shall give special consideration to a previous owner or operator of such land if such owner or operator has financial resources, and farm management skills and experience, that the Secretary determines are sufficient to assure a reasonable prospect of success in the proposed farming operation.

"(D) To the extent the Secretary may lease or operate real property under this subsection, the Secretary shall, if the Secretary determines to administer such property through management contracts, offer the contracts on a competitive bid basis, giving preference to persons who will live in, and own and operate qualified small businesses in, the area where the property is located.

"(4)(A)(i) The Secretary may sell farmland administered under this title through an installment sale or similar device that contains such terms as the Secretary considers necessary to protect the investment of the Federal Government in such land.

"(ii) The Secretary may subsequently sell any contract entered into to carry out clause (i).

"(B) The Secretary shall offer such land for sale to operators of not larger than family-size farms at a price that reflects the average annual income that may be reasonably anticipated to be generated from farming such land.

"(C) If two or more qualified operators of not larger than family-size farms desire to purchase, or lease with an option to purchase, such land, the appropriate county committee shall, by majority vote, select the operator who may purchase such land, on such basis as the Secretary may prescribe by regulation.

"(5)(A) If the Secretary determines that farmland administered under this title is not suitable for sale or lease to an operator of not larger than a family-size farm because such farmland is in a tract or tracts that the Secretary determines to be larger than that necessary for family-size farms, the Secretary shall subdivide such land into tracts suitable for such operator.

"(B) The Secretary shall dispose of such subdivided farmland in accordance with this subsection.

"(6) If suitable farmland is available for disposition under this subsection, the Secretary shall—

"(A) publish an announcement of the availability of such farmland in at least one newspaper that is widely circulated in the county in which the farmland is located; and

"(B) post an announcement of the availability of such farmland in a prominent place in the local office of the Farmers Home Administration that serves the county in which the farmland is located.

"(7) In the case of farmland administered under this title that is highly erodible land (as defined in section 1201 of the Food Security Act of 1985), the Secretary may require the use of specified conservation practices on such land as a condition of the sale or lease of such land.

"(8) Notwithstanding any other provisions of law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to such property to lapse, terminate, be reduced, or otherwise be adversely affected.".

(b) The Secretary of Agriculture shall implement the amendments made by this section not later than 90 days after the date of enactment of this Act.

RELEASE OF NORMAL INCOME SECURITY

SEC. 1315. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) (as amended by section 1314(3)) is further amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection, the term 'normal income security' has the same meaning given such term in section 1962.17(b) of title 7, Code of Federal Regulations (as of January 1, 1985).

"(2) Until such time as the Secretary accelerates a loan made or insured under this title, the Secretary shall release from the normal income security provided for such loan an amount sufficient to pay the essential household and farm operating expenses of the borrower, as determined by the Secretary.".

LOAN SUMMARY STATEMENTS

SEC. 1316. Section 337 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1987) is amended by—

(1) inserting "(a)" after the section designation; and

(2) adding at the end thereof the following new subsection:

"(b)(1) As used in this subsection, the term 'summary period' means—

"(A) the period beginning on the date of enactment of the Food Security Act of 1985 and ending on the date on which the first loan summary statement is issued after such date of enactment; or

"(B) the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(2) On the request of a borrower of a loan made or insured (but not guaranteed) under this title, the Secretary shall issue to such borrower a loan summary statement that reflects the account activi-

ty during the summary period for each loan made or insured under this title to such borrower, including—

"(A) the outstanding amount of principal due on each such loan at the beginning of the summary period;

"(B) the interest rate charged on each such loan;

"(C) the amount of payments made on and their application to each such loan during the summary period and an explanation of the basis for the application of such payments;

"(D) the amount of principal and interest due on each such loan at the end of the summary period;

"(E) the total amount of unpaid principal and interest on all such loans at the end of the summary period;

"(F) any delinquency in the repayment of any such loan;

"(G) a schedule of the amount and date of payments due on each such loan; and

"(H) the procedure the borrower may use to obtain more information concerning the status of such loans.".

AUTHORIZATION OF LOAN AMOUNTS

SEC. 1317. (a) Subsection (b) of section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)) is amended to read as follows:

"(b)(1)(A) For each of the fiscal years ending September 30, 1986, through September 30, 1988, real estate and operating loans may be insured, made to be sold and insured, or guaranteed in accordance with subtitles A and B, respectively, from the Agricultural Credit Insurance Fund established under section 309 in an amount equal to $4,000,000,000, of which not less than $520,000,000 shall be for farm ownership loans under subtitle A.

"(B) Subject to subparagraph (C), such amount shall be apportioned as follows:

"(i) For the fiscal year ending September 30, 1986—

"(I) $2,000,000,000 for insured loans, of which not less than $260,000,000 shall be for farm ownership loans; and

"(II) $2,000,000,000 for guaranteed loans, of which not less than $260,000,000 shall be for guarantees of farm ownership loans.

"(ii) For the fiscal year ending September 30, 1987—

"(I) $1,500,000,000 for insured loans, of which not less than $195,000,000 shall be for farm ownership loans; and

"(II) $2,500,000,000 for guaranteed loans, of which not less than $325,000,000 shall be for guarantees of farm ownership loans.

"(iii) For the fiscal year ending September 30, 1988—

"(I) $1,000,000,000 for insured loans, of which not less than $130,000,000 shall be for farm ownership loans; and

"(II) $3,000,000,000 for guaranteed loans, of which not less than $390,000,000 shall be for guarantees of farm ownership loans.

"(C) For each of the fiscal years referred to in subparagraph (A), the Secretary may transfer not more than 25 percent of the amounts authorized for guaranteed loans to amounts authorized for insured loans.

"(D)(i) For each of the fiscal years 1986, 1987, and 1988, emergency loans may be made or insured or guaranteed in accordance with subtitle C from the Agricultural Credit Insurance Fund as follows: $1,300,000,000 for fiscal year 1986, $700,000,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988.

"(E) Loans for each of the fiscal years 1986, 1987, and 1988 are authorized to be insured, or made to be sold and insured, or guaranteed under the Rural Development Insurance Fund as follows:

"(i) Insured water and waste disposal facility loans, $340,000,000.

"(ii) Industrial development loans, $250,000,000.

"(iii) Insured community facility loans, $115,000,000.".

(b) Section 346(e)(1) of such Act is amended by—

(1) striking out "20" each place it appears and inserting in lieu thereof "25"; and

(2) striking out "fiscal year 1984" and inserting in lieu thereof "each fiscal year".

(c) Section 346 of such Act (as amended by subsection (b)) is amended—

(1) striking out subsection (d); and

(2) redesignating subsection (e) as subsection (d).

Farm Debt Restructure and Conservation Set-Aside

conservation easements

Sec. 1318. (a) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following new section:

"Sec. 349. (a) For purposes of this section:

"(1) The term 'governmental entity' means any agency of the United States, a State, or a unit of local government of a State.

"(2) The terms 'highly erodible land' and 'wetland' have the meanings, respectively, that such terms are given in section 1201 of the Food Security Act of 1985.

"(3) The term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981 (16 U.S.C. 3371(a)).

"(5) The term 'recreational purposes' includes hunting.

"(b) Subject to subsection (c), the Secretary may acquire and retain an easement in real property, for a term of not less than 50 years, for conservation, recreational, and wildlife purposes.

"(c) Such easement may be acquired or retained for real property if such property—

"(1) is wetland, upland, or highly erodible land;

"(2) is determined by the Secretary to be suitable for the purposes involved;

"(3)(A)(i) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary; and

"(ii) the borrower of such loan is unable, as determined by the Secretary, to repay such loan in a timely manner; or

"(B) is administered under this title by the Secretary; and

"(4) was (except in the case of wetland) row cropped each year of the 3-year period ending on the date of the enactment of the Food Security Act of 1985.

"(d) The terms and conditions specified in each such easement shall—

"(1) specify the purposes for which such real property may be used;

"(2) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to such real property; and

"(3) require such owner to permit the Secretary, and any person or governmental entity designated by the Secretary, to have access to such real property for the purpose of monitoring compliance with such easement.

"(e) Any such easement acquired by the Secretary shall be purchased from the borrower involved by canceling that part of the aggregate amount of such outstanding loans of the borrower held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the outstanding loans of such borrower held by the Secretary under all such laws as the number of acres of the real property of such borrower that are subject to such easement bears to the aggregate number of acres securing such loans. In no case shall the amount so cancelled exceed the value of the land on which the easement is acquired.

"(f) If the Secretary elects to use the authority provided by this section, the Secretary shall consult with the Director of the Fish and Wildlife Service for purposes of—

"(1) selecting real property in which the Secretary may acquire easements under this section;

"(2) formulating the terms and conditions of such easements; and

"(3) enforcing such easements.

"(g) The Secretary, and any person or governmental entity designated by the Secretary, may enforce an easement acquired by the Secretary under this section.

"(h) This section shall not apply with respect to the cancellation of any part of any loan that was made after the date of enactment of the Food Security Act of 1985.".

(b)(1) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by inserting ", other than easements acquired under section 349" before the period at the end thereof.

(2) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended—

(1) by striking out "perpetual"; and

(2) by inserting "for a term of not less than 50 years" after "easements".

ADMINISTRATION OF GUARANTEED FARM LOAN PROGRAMS

SEC. 1319. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding after the section added by section 1318 the following:

"SEC. 350. Notwithstanding any other provision of this title, the Secretary shall ensure that farm loan guarantee programs carried out under this title are designed so as to be responsive to borrower and lender needs and to include provisions under reasonable terms and conditions for advances, before completion of the liquidation process, of guarantee proceeds on loans in default.".

INTEREST RATE REDUCTION PROGRAM

SEC. 1320. Effective only for the period beginning on the date of enactment of this Act and ending September 30, 1988, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding after the section added by section 1319 the following:

"SEC. 351. (a) The Secretary shall establish and carry out in accordance with this section an interest rate reduction program for loans guaranteed under this title.

"(b) Under such program, the Secretary shall enter into a contract with, and make payments to, a legally organized institution to reduce during the term of such contract the interest rate paid by a borrower on a guaranteed loan made by such institution if—

"(1) the borrower—

"(A) is unable to obtain sufficient credit elsewhere to finance the actual needs of the borrower at reasonable rates and terms, taking into consideration private and cooperative rates and terms for a loan for a similar purpose and period of time in the community in or near which the borrower resides;

"(B) is otherwise unable to make payments on such loan in a timely manner; and

"(C) has a total estimated cash income during the 12-month period beginning on the date such contract is entered into (including all farm and nonfarm income) that will equal or exceed the total estimated cash expenses to be incurred by the borrower during such period (including all farm and nonfarm expenses); and

"(2) the lender reduces during the term of such contract the annual rate of interest payable on such loan by a minimum percentage specified in such contract.

"(c) In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 50 percent of the cost of reducing the annual rate of interest payable on such loan, except that such payments may not exceed the cost of reducing such rate by more than 2 percent.

"(d) The term of a contract entered into under this section to reduce the interest rate on a guaranteed loan may not exceed the outstanding term of such loan, or 3 years, whichever is less.

"(e)(1) Notwithstanding any other provision of this title, the Agricultural Credit Insurance Fund established under section 309 may be used by the Secretary to carry out this section.

"(2) The total amount of funds used by the Secretary to carry out this section may not exceed $490,000,000.".

HOMESTEAD PROTECTION

SEC. 1321. The Consolidated Farm and Rural Development Act is amended by adding after the section added by section 1320 the following:

"SEC. 352. (a) As used in this section:

"(1) The term "Administrator" means the Administrator of the Small Business Administration.

"(2) The term "farm program loan" means any loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under subtitles A or B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

"(3) The term "homestead property" means the principal residence and adjoining property possessed and occupied by a borrower specified in paragraph (2) of this subsection.

"(4) The term "Secretary" means the Secretary of Agriculture.

"(b)(1) If the Secretary forecloses a loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Administrator forecloses a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.), or a borrower of a loan made or insured by either agency declares bankruptcy or goes into voluntary liquidation to avoid foreclosure or bankruptcy, the Secretary or Administrator may upon application by the borrower, permit the borrower to retain possession and occupancy of any principal residence of the borrower, and a reasonable amount of adjoining land for the purpose of family maintenance.

"(2) The value of the homestead property shall be determined insofar as possible by an independent appraisal made within six months from the date of the borrower's application to retain possession and occupancy of the homestead property.

"(3) The period of occupancy of homestead property under this subsection may not exceed five years, but in no case shall the Secretary or the Administrator grant a period of occupancy less than three years, subject to compliance with the requirements of subsection (c).

"(c) To be eligible to occupy homestead property, a borrower of a loan made or insured by the Secretary or the Administrator must—

"(1) apply for such occupancy during the three-year period beginning on the date of the enactment of this Act;

"(2) have exhausted all other remedies for the extension or restructuring of such loan, including all remedies afforded under section 331(d);

"(3) have made gross annual farm sales of at least $40,000 in at least two calendar years during the five-year period beginning on January 1, 1981, and ending on December 31, 1985 (or the equivalent crop or fiscal years);

"(4) have received from farming operations at least 60 per centum of the gross annual income of the borrower and any spouse of the borrower during at least two years of such five-year period;

"(5) have occupied the homestead property, and engaged in farming or ranching operations on adjoining land, or other land controlled by said borrower, during such five-year period;

"(6) during the period of occupancy of the homestead property, pay a reasonable sum as rent for such property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar residential properties in the area in which the homestead property is located, and failure to make rental payments in a timely fashion shall constitute cause for the termination of all rights of a borrower to possession and occupancy of the homestead property under this subsection;

"(7) during the period of occupancy of homestead property, maintain such property in good condition; and

"(8) agree to such other terms and conditions as are prescribed by the Secretary or the Administrator in order to facilitate the administration of this subsection.

"(d) At the end of the period of occupancy described in subsection (c), the Secretary or the Administrator shall grant to the borrower a first right of refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine.

"(e) At the time any reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the value of the homestead property as established under subsection (b)(2).".

EXTENSION OF CREDIT TO ALL RURAL UTILITIES THAT PARTICIPATE IN THE PROGRAM ADMINISTERED BY THE RURAL ELECTRIFICATION ADMINISTRATION

SEC. 1322. Section 3.8 of the Farm Credit Act of 1971 (12 U.S.C. 2129) is amended by—

(1) inserting "(1)" immediately before "Any association"; and

(2) adding at the end thereof a new subsection (2) as follows:

"(2) Notwithstanding any other provision of this title, cooperatives and other entities that have received a loan, loan commitment, or loan guarantee from the Rural Electrification Administration, or a loan or loan commitment from the Rural Telephone Bank, or that have been certified by the Administrator of the Rural Electrification Administration to be eligible for such a loan, loan commitment, or loan guarantee, and subsidiaries of such cooperatives or other entities, shall also be eligible to borrow from a bank for cooperatives.".

NONPROFIT NATIONAL RURAL DEVELOPMENT AND FINANCE CORPORATIONS

SEC. 1323. (a)(1) For the fiscal year ending September 30, 1986, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall guarantee loans made by public agencies or private organizations (including loans made by financial institutions such as insurance companies) to nonprofit national rural development and finance corporations that establish similar and affiliated statewide rural development and finance programs for the purpose of providing loans, guarantees, and other financial assistance to profit or nonprofit local businesses to improve business, industry, and employment opportunities in a rural area (as determined by the Secretary).

(2) To be eligible to obtain a loan guarantee under this subsection, a corporation must—

(A) demonstrate to the Secretary the ability of the corporation to administer a national revolving rural development loan program;

(B) be prepared to commit financial resources under the control of the corporation to the establishment of affiliated statewide rural development and finance programs; and

(C) have secured commitments of significant financial support from public agencies and private organizations for such affiliated statewide programs.

(3) A national rural development and finance corporation receiving a loan guarantee under this subsection shall base a determination to establish an affiliated statewide program in large part on the willingness of States and private organizations to sponsor and make funds available to such program.

(4) Notwithstanding any other provision of law, for the fiscal year ending September 30, 1986, of the amounts available to guarantee loans in accordance with section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) from the Rural Development Insurance Fund, $20,000,000 shall be used by the Secretary to guarantee loans under the national rural development and finance program established under this subsection, to remain available until expended.

(b)(1) For the fiscal year ending September 30, 1986, the Secretary shall make grants, from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to compliment the loan guarantees made to such corporations under subsection (a).

(2) All funds authorized under the Rural Development Loan Fund, including those on deposit and available upon date of enactment, under sections 623 and 633 of the Community Economic Development Act of 1981 (42 U.S.C. 9801 et seq.) shall be transferred to the Secretary provided that—

(A) all funds on deposit and available on date of enactment shall be used for the purpose of making grants under paragraph (1) and shall remain available until expended; and

(B) notwithstanding any other provision of law, all loans to intermediary borrowers made prior to date of enactment, shall upon date of enactment, for the life of such loan, bear a rate of interest not to exceed that in effect upon the date of issuance of such loans.

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1324. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the products, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products.

(2) the term "central filing system" means a system for filing effective financing statements or notice of such financing statements on a statewide basis and which has been certified by the Secretary of the United States Department of Agriculture; the Secretary shall certify such system if the system complies with the requirements of this section; specifically under such system—

(A) effective financing statements or notice of such financing statements are filed with the office of the Secretary of State of a State.

(B) the Secretary of State records the date and hour of the filing of such statements;

(C) the Secretary of State compiles all such statements into a master list—

(i) organized according to farm products;

(ii) arranged within each such product—

(I) in alphabetical order according to the last name of the individual debtors, or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) in numerical order according to the social security number of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number of such debtors; and

(III) geographically by county or parish; and

(IV) by crop year;

(iii) containing the information referred to in paragraph (4)(D);

(D) the Secretary of State maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the Secretary of State, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the Secretary of State distributes regularly as prescribed by the State to each buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form of those portions of the master list described in paragraph (C) that cover the farm products in which such buyer, commission merchant, or selling agent has registered an interest;

(F) the Secretary of State furnishes to those who are not registered pursuant to (2)(D) of this section oral confirmation within 24 hours of any effective financing statement on request followed by written confirmation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term "commission merchant" means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term "effective financing statement" means a statement that—

(A) is an original or reproduced copy thereof;

(B) is signed and filed with the Secretary of State of a State by the secured party;

(C) is signed by the debtor;

(D) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable; and a reasonable description of the property, including county or parish in which the property is located;

(E) must be amended in writing, within 3 months, similarly signed and filed, to reflect material changes;

(F) remains effective for a period of 5 years from the date of filing, subject to extensions for additional periods of 5 years each by refiling or filing a continuation statement within 6 months before the expiration of the initial 5 year period;

(G) lapses on either the expiration of the effective period of the statement or the filing of a notice signed by the secured party that the statement has lapsed, whichever occurs first;

(H) is accompanied by the requisite filing fee set by the Secretary of State; and

(I) substantially complies with the requirements of this subparagraph even though it contains minor errors that are not seriously misleading.

(5) The term "farm product" means an agricultural commodity such as wheat, corn, soybeans, or a species of livestock such as cattle, hogs, sheep, horses, or poultry used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term "knows" or "knowledge" means actual knowledge.

(7) The term "security interest" means an interest in farm products that secures payment or performance of an obligation.

(8) The term "selling agent" means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term "person" means any individual, partnership, corporation, trust, or any other business entity.

(11) The term "Secretary of State" means the Secretary of State or the designee of the State.

(d) Except as provided in subsection (e) and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though the security interest is perfected; and the buyer knows of the existence of such interest.

(e) A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) within 1 year before the sale of the farm products, the buyer has received from the secured party or the seller written notice of the security interest organized according to farm products that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, crop year, county or parish, and a reasonable description of the property and

(iii) must be amended in writing, within 3 months, similarly signed and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed by the secured

party that the statement has lapsed, whichever occurs first; and

(v) any payment obligations imposed on the buyer by the secured party as conditions for waiver or release of the security interest; and

(B) the buyer has failed to perform the payment obligations, or

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(B) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the Secretary of State of such State written notice as provided in subparagraph (c)(2)(E) or (c)(2)(F) that specifies both the seller and the farm product being sold by such seller as being subject to an effective financing statement or notice; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise; and

(f) What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

(g)(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells, in the ordinary course of business, a farm product for others, shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or the seller written notice of the security interest; organized according to farm products, that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products, where applicable, crop year,

county or parish, and a reasonable description of the property, etc.; and

(iii) must be amended in writing, within 3 months, similarly signed and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed by the secured party that the statement has lapsed, whichever occurs first; and

(v) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(B) the commission merchant or selling agent has failed to perform the payment obligations;

(C) in the case of a farm product produced in a State that has established a central filing system—

(i) the commission merchant or selling agent has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(ii) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(D) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent—

(i) receives from the Secretary of State of such State written notice as provided in subsection (c)(2)(E) or (c)(2)(F) that specifies both the seller and the farm products being sold by such seller as being subject to an effective financing statement or notice; and

(ii) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise.

(3) What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

(h)(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined $5,000 or 15 per centum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

(i) The Secretary of Agriculture shall prescribe regulations not later than 90 days after the date of enactment of this Act to aid States in the implementation and management of a central filing system.

(j) This section shall become effective 12 months after the date of enactment of this Act.

PROHIBITING COORDINATED FINANCIAL STATEMENT

SEC. 1325. The Secretary of Agriculture shall not use or require the submission of the coordinated financial statement referred to in the proposed regulations of the Farmers Home Administration published in the Federal Register of November 8, 1983 (48 F.R. 51312–51317) in connection with an application submitted on or after the date of the enactment of this Act for any loan under any program of the Department of Agriculture carried out by the Farmers Home Administration.

REGULATORY RESTRAINT

SEC. 1326. (a) Congress finds and declares that—

(1) high production costs and low commodity prices have combined to reduce farm income to the lowest levels since the depths of the Depression in the 1930's, to subject many agricultural producers, through no fault of their own, to severe economic hardship, and in many cases temporarily but seriously to impair producers' ability to meet loan repayment schedules in a timely fashion; and

(2) a policy of adverse classification of agricultural loans by bank examiners under these circumstances will trigger a wave of foreclosures and similar actions on the part of banks, thereby depressing land values and prices for agricultural facilities and equipment and having a devastating effect on farmers and the banking industry, and upon rural areas of the United States in general.

(b) It is therefore the sense of Congress that the Federal bank regulatory agencies should ensure, in their examination procedures, that examiners exercise caution and restraint and give due consideration not only to the current cash flow of agricultural borrowers under financial stress, but to factors such as their loan collateral and ultimate ability to repay as well, for so long as the adverse economic effects of the cost-price squeeze of recent years continue to impair the ability of these borrowers to meet scheduled repayments on their loans.

STUDY OF FARM CREDIT SYSTEM

SEC. 1327. (a) The Farm Credit Administration shall conduct a study of the need for the establishment of a fund to be used—

(1) to insure institutions of the Farm Credit System against losses on loans made by such institutions; or

(2) for any other purpose that would—

(A) assist in stabilizing the financial condition of such System; and

(B) provide for the protection of the capital that borrowers of such loans have invested in such System.

(b) In conducting the study required under subsection (a), the Farm Credit Administration shall—

(1) consider the advisability of using the revolving funds provided for under section 4.1 of the Farm Credit Act of 1971 (12 U.S.C. 2152) to provide initial capital for the fund referred to in subsection (a); and

(2) estimate the amount and level of future assessments levied on institutions of the Farm Credit System that would be necessary to ensure the long-term liquidity of such fund.

(c) Not later than 180 days after the date of enactment of this Act, the Farm Credit Administration shall submit a report containing the results of the study required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

CONTINUATION OF SMALL FARMER TRAINING AND TECHNICAL ASSISTANCE PROGRAM

SEC. 1328. The Secretary of Agriculture shall, during the period beginning on the date of enactment of this Act and ending on September 30, 1988, maintain at substantially current levels the small farmer training and technical assistance program in the office of the Administrator of the Farmers Home Administration.

STUDY OF FARM AND HOME PLAN

SEC. 1329. (a) The Secretary of Agriculture shall conduct a study of the appropriateness of the Farm and Home Plan (Form FmHA 431-2) used by the Farmers Home Administration in connection with loans made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) After carrying out such study, if the Secretary finds the plan is inappropriate, the Secretary shall—

(1) evaluate other alternative farm plan forms for use in connection with such loans;

(2) evaluate the need to develop a new farm plan form for such use; and

(3) specify the steps that should be taken to improve or replace the current form.

(c) Not later than 120 days after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

TITLE XIV—AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING

SUBTITLE A—GENERAL PROVISIONS

SHORT TITLE

SEC. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

SEC. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) in paragraph (8)—

(A) striking out "and" at the end of subparagraph (N);

(B) inserting "and" at the end of subparagraph (O); and

(C) adding at the end thereof the following new subparagraph:

"(P) research on new or improved food processing (such as food irradiation) or value-added food technologies;";

(2) in paragraph (10)—

(A) striking out "The research" and all that follows through the colon in the matter preceding the subparagraphs and inserting in lieu thereof the following: "The research, extension, and teaching programs must be maintained and constantly adjusted to meet ever-changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and strengthened to meet major needs and challenges in the following areas:";

(B) redesignating subparagraphs (B), (C), (D), (E), (F), and (G) as subparagraphs (C), (D), (F), (G), (H), and (I), respectively;

(C) inserting after subparagraph (A) the following new subparagraph:

"(B) AGRICULTURAL POLICY.—The effects of technological, economic, sociological, and environmental developments on the agricultural structure of the United States are strong and continuous. It is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments, both national and international, be analyzed on a continuing basis in an interdisciplinary fashion to determine the effect of those forces on the structure of agriculture and to improve agricultural policy decisionmaking.";

(D) inserting after subparagraph (D) (as redesignated by subparagraph (B)) the following new subparagraph:

"(E) COORDINATION OF BIOTECHNOLOGY RESPONSIBILITIES OF FEDERAL GOVERNMENT.—Biotechnology guidelines and regulations must be made consistent throughout the Federal Government so they may promote scientific development and protect the public. The biotechnology risk assessment processes used by various Federal agencies must be standardized.";

(E) striking out subparagraph (F) (as redesignated by subparagraph (B)) and inserting in lieu thereof the following new subparagraph:

"(F) NATURAL RESOURCES.—Improved management of soil, water, forest, and range resources is vital to maintain the resource base for food, fiber, and wood production. An expanded research program in the areas of soil and water conservation and forest and range production practices is

needed to develop more economical and effective management systems. Key objectives of this research are—

"(i) incorporating water and soil-saving technologies into current and evolving production practices;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the surface water and groundwater resources of the United States;

"(v) establishing integrated multidisciplinary organic farming research projects, including research on alternative farming systems, that will identify options from which individual farmers may select the production components that are most appropriate for their individual situations;

"(vi) developing better targeted pest management systems; and

"(vii) improving forest and range management technologies that meet demands more efficiently, better protect multiresource options, and enhance quality of output.";

(F) in subparagraph (G) (as redesignated by subparagraph (B))—

(i) striking out "to" before "the economy"; and

(ii) striking out "owner-operated" before "family farms"; and

(G) striking out subparagraph (I) (as redesignated by subparagraph (B)) and inserting in lieu thereof the following new subparagraph:

"(I) INTERNATIONAL FOOD AND AGRICULTURE.—United States agricultural production has proven its ability to produce abundant quantities of food for an expanding world population. Despite rising expectation for improved diets in the world today, there are instances of drought, civil unrest, economic crisis, or other conditions that preclude the local production or distribution of food. There are instances where localized problems impede the ability of farmers to produce needed food products. It is also recognized that many nations have progressive and effective agricultural research programs that produce results of interest and applicability to United States agriculture. The exchange of knowledge and information between nations is essential to the well-being of all nations. A dedicated effort involving the Federal Government, the State cooperative institutions, and other colleges and universities is needed to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communication by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies, and universities in other nations are necessary to improve food and agricultural progress throughout the world.";

(3) striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof the following new paragraph:

"(12) the agricultural system of the United States—

"(A) is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment; and

"(B) requires a constant source of food and agricultural scientific expertise to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of subparagraph (H);

(2) inserting "and" at the end of subparagraph (I); and

(3) adding at the end thereof the following new subparagraph:

"(J) international food and agricultural issues, such as agricultural development, development of institutions, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE

SEC. 1404. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "and" at the end of paragraph (10); and

(2) striking out paragraph (11) and inserting in lieu thereof the following new paragraphs:

"(11) coordinate the efforts of States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions in assessing the current status of, and developing a plan for, the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small- and medium-sized farms in gaining information about those technologies; and

"(12) establish appropriate controls with respect to the development and use of the application of biotechnology to agriculture.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1405. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1407(b) of such Act is amended by inserting before the last sentence the following new sentence: "To ensure that the views of food technologists are considered by the Joint Council, one of the members of the Joint Council shall, as determined to be appropriate by the Secretary, be appointed by the Secretary from among distinguished persons who are food technologists from accredited or certi-

fied departments of food technology, as determined by the Secretary.".

(c) Section 1407(d)(2) of such Act is amended by—

(1) striking out "and" at the end of subparagraph (F);

(2) striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new subparagraph:

"(H) coordinate with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1406. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1408(f)(2) of such Act (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "and" at the end of subparagraph (E);

(2) striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new subparagraph:

"(G) coordinating with the Secretary in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community.".

FEDERAL-STATE PARTNERSHIP

SEC. 1407. (a) The first sentence of section 1409A(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a(a)) is amended by—

(1) striking out "and" at the end of paragraph (2);

(2) striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following new paragraph:

"(4) international agricultural programs under title XII of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a et seq.).".

(b) Section 1409A of such Act is amended by adding at the end thereof the following new subsections:

"(d)(1) To promote research for purposes of developing agricultural policy alternatives, the Secretary is encouraged—

"(A) to designate at least one State cooperative institution to conduct research in an interdisciplinary fashion; and

"(B) to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture.

"(2) Support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small- and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation

technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management.

"(e) To address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary is encouraged to designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership.".

REPORT OF THE SECRETARY OF AGRICULTURE

SEC. 1408. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) inserting "and" at the end of paragraph (2);

(2) striking out "; and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS

SEC. 1409. (a)(1) The third sentence of section 2(b) of the Act entitled "An Act to facilitate the work of the Department of Agriculture, and for other purposes", approved August 4, 1965 (7 U.S.C. 450i(b)), is amended by—

(A) inserting ", with emphasis on biotechnology," after "(2) research" in paragraph (2);

(B) striking out "and" at the end of paragraph (5);

(C) striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon; and

(D) adding at the end thereof the following new paragraphs:

"(7) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems; and

"(8) research to develop new and alternative industrial uses for agricultural crops.".

(2) Section 2(b) of such Act is amended by inserting after the fourth sentence the following new sentence: "No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility.".

(3) Effective October 1, 1985, section 2(b) of such Act is amended by striking out the last sentence and inserting in lieu thereof the following new sentences: "There are authorized to be appropriated, for the purpose of carrying out this subsection, $70,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1990. Four percent of the amount appropriated for each of such fiscal years to carry out this subsection may be retained by the Sec-

retary to pay administrative costs incurred by the Secretary to carry out this subsection."

(b)(1) Section 2(c) of such Act is amended by inserting after the first sentence the following new sentence: "No grant may be made under this subsection for any purpose for which a grant may be made under subsection (d) or for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.".

(2) Effective October 1, 1985, section 2(c) of such Act is amended by adding at the end thereof the following new sentence: "Four percent of the amount appropriated for any fiscal year to carry out this subsection may be retained by the Secretary to pay administrative costs incurred by the Secretary to carry out this subsection.".

(c) Section 2 of such Act is amended by adding at the end thereof the following new subsection:

"(i) The Federal Advisory Committee Act (5 U.S.C. App. 2) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created for the purpose of reviewing applications or proposals submitted under this section.".

GRANTS FOR SCHOOLS OF VETERINARY MEDICINE

SEC. 1410. Section 1415(c)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151(c)(1)) is amended by striking out "Four" and inserting in lieu thereof "Five".

RESEARCH FACILITIES

SEC. 1411. (a) The first section of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (7 U.S.C. 390), is amended by—

(1) inserting "on a matching funds basis" after "funds";

(2) inserting "and equipment" after "facilities"; and

(3) striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of such Act (7 U.S.C. 390a) is amended by—

(1) striking out "which are to become a part of such buildings"; and

(2) inserting "matching" after "means of".

(c) Section 3 of such Act (7 U.S.C. 390b) is amended by—

(1) striking out paragraph (1) and inserting in lieu thereof the following new paragraph:

"(1) the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Virgin Islands of the United States;"; and

(2) in paragraph (2), inserting ", forestry, or veterinary medicine" after "to conduct agricultural".

(d)(1) Effective October 1, 1985, subsection (a) of section 4 of such Act (7 U.S.C. 390c(a)) is amended to read as follows:

"(a) There are authorized to be appropriated, for grants to eligible institutions under this Act to be used for the purpose set out in section 2, $20,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1990.".

(2) Subsection (b) of section 4 of such Act is amended to read as follows:

"(b) No grant may be made under section 2 for an amount exceeding a percentage determined by the Secretary of the cost of the project for which such grant is made. The remaining cost of such project shall be paid with funds from non-Federal sources.".

(e) The first sentence of section 5 of such Act (7 U.S.C. 390d) is amended by—

(1) striking out "apportioned"; and

(2) striking out ", which are to become part of such buildings".

(f) Section 6 of such Act (7 U.S.C. 390e) is repealed.

(g) Section 7 of such Act (7 U.S.C. 390f) is amended by—

(1) inserting "equipment and" after "multiple-purpose"; and

(2) inserting "and related programs, including forestry and veterinary medicine," after "research".

(h) Section 8 of such Act (7 U.S.C. 390g) is repealed.

(i)(1) The first sentence of section 9(a) of such Act (7 U.S.C. 390h(a)) is amended by—

(A) striking out "authorized to receive" and inserting in lieu thereof "that receives";

(B) striking out "section 4" and inserting in lieu thereof "section 2"; and

(C) striking out "section 4(b)" and inserting in lieu thereof "section 3(2)".

(2) Section 9(b) of such Act (7 U.S.C. 390h(b)) is amended by—

(A) striking out "allotted funds received" and inserting in lieu thereof "funds received under this Act"; and

(B) striking out "allocated or".

(j) Clause (3) of section 10 of such Act (7 U.S.C. 390i) is amended to read as follows: "(3) those eligible institutions, if any, that were prevented, because of failure to repay funds as required by section 7(b), from receiving any grant under this Act".

(k) Sections 7, 9, 10, and 11 of such Act (7 U.S.C. 390f, 390h, 390i, 390j) are redesignated as sections 6, 7, 8, and 9, respectively.

(l) Such Act (7 U.S.C. 390 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 10. This Act may be cited as the 'Research Facilities Act'.".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1412. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) in the second sentence of paragraph (2), striking out "Such grants shall be made without regard to matching funds, but each" and inserting in lieu thereof "Each"; and

(2) striking out the last sentence of paragraph (3) and inserting in lieu thereof the following new sentence:

"Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such grant is to be used.".

(b) Subsection (d) of section 1417 of such Act is amended to read as follows:

"(d) There are authorized to be appropriated for purposes of carrying out this section $50,000,000 for each of the fiscal years ending September 30, 1982, through September 30, 1990.".

(c) Section 1417 of such Act is amended by adding at the end thereof the following new subsection:

"(e) The Federal Advisory Committee Act (5 U.S.C. App. 2.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created for the purpose of reviewing applications or proposals submitted under this section.".

FOOD AND HUMAN NUTRITION RESEARCH AND EXTENSION PROGRAM

SEC. 1413. Sections 1424 and 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174 and 3177) are repealed.

ANIMAL HEALTH AND DISEASE RESEARCH

SEC. 1414. (a) The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) The first sentence of section 1433(a) of such Act (7 U.S.C. 3195(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(c) Section 1434(a) of such Act (7 U.S.C. 3196(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

EXTENSION AT 1890 LAND-GRANT COLLEGES

SEC. 1415. The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by—

(1) striking out ", through the fiscal year ending September 30, 1985,"; and

(2) inserting before the period at the end thereof the following: ", and related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.)".

GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1416. (a) It is the intent of Congress to assist institutions eligible to receive funds under the Act of August 30, 1890 (26 Stat. 417, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee Institute (hereafter in this section referred to as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out this section $10,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1990, such sums to remain available until expended.

(c) Four percent of the sums appropriated under this section shall be available to the Secretary of Agriculture for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting the institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary of Agriculture shall determine necessary for carrying out this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary of Agriculture may promulgate such rules and regulations as the Secretary considers necessary to carry out this section.

RESEARCH AT 1890 LAND-GRANT COLLEGES

SEC. 1417. (a) Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) is amended by adding at the end thereof the following new sentence: "No more than 5 percent of the funds received by an institution in any fiscal year, under this section, may be carried forward to the succeeding fiscal year.".

(b) Paragraph (2) of section 1445(g) is amended to read as follows:

"(2) If it appears to the Secretary from the annual statement of receipts and expenditures of funds by any eligible institution that an amount in excess of 5 percent of the preceding annual appropriation allotted to that institution under this section remains unexpended, such amount in excess of 5 percent of the preceding annual appropriation allotted to that institution shall be deducted from the next succeeding annual allotment to the institution.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1418. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) in paragraph (3), striking out "the training of" and inserting in lieu thereof "providing technical assistance, training, and advice to"; and

(2) in paragraph (4), inserting "through the development of highly qualified scientists with specialization in international development" after "countries".

INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 1419. (a) Effective October 1, 1985, the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by inserting, after section 1458, the following:

"GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

"SEC. 1458A. (a) The Secretary shall establish and carry out a program to make grants to States for the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of agricultural products and related products. Such grants shall be based on a matching formula of 50 per centum Federal and 50 per centum State funding (including funds received by the State from private sources and from units of local government).

"(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to use, as sites for international trade development centers, land-grant colleges and universities (as defined in section 1404(10) of this Act) that—

"(1) operate agricultural programs;

"(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

"(3) have an effective and progressive communications system that might be linked on an international basis to conduct conferences or trade negotiations.

"(c) Such centers may—

"(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

"(2) be used to house permanent or temporary exhibits that will stimulate and educate trade delegations from foreign nations with respect to agricultural products and related products produced in the United States and be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

"(3) carry out such other activities relating to the exportation of agricultural products and related products as the Secretary may approve.

"(d) There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this section.".

(b) Effective October 1, 1985, the table of contents of the Food and Agriculture Act of 1977 is amended by inserting a new item:

"Sec. 1458A. Grants to States for international trade development centers."

after the item

"Sec. 1458. International agricultural research and extension.".

AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND

SEC. 1420. (a) The Secretary of Agriculture shall undertake discussions with representatives of the Government of Ireland that may lead to an agreement that will provide for the development of a pro-

gram between the United States and Ireland whereby there will be—

(1) a greater exchange of—

(A) agricultural scientific and educational information, techniques, and data;

(B) agricultural marketing information, techniques, and data; and

(C) agricultural producer, student, teacher, agribusiness (private and cooperative) personnel; and

(2) the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland.

(b) The Secretary shall periodically report to the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate to keep such Committees apprised of the progress and accomplishments, and such other information as the Secretary considers appropriate, with regard to the development of such program.

STUDIES

SEC. 1421. Sections 1459, 1460, 1461, and 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3301, 3302, 3303, and 3304) are repealed.

AUTHORIZATION FOR APPROPRIATIONS FOR CERTAIN AGRICULTURAL RESEARCH PROGRAMS

SEC. 1422. (a) Effective October 1, 1985, section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out "$505,000,000" and all that follows through "subsequent fiscal year" and inserting in lieu thereof "$600,000,000 for the fiscal year ending September 30, 1986, $610,000,000 for the fiscal year ending September 30, 1987, $620,000,000 for the fiscal year ending September 30, 1988, $630,000,000 for the fiscal year ending September 30, 1989, and $640,000,000 for the fiscal year ending September 30, 1990".

(b) Effective October 1, 1985, section 1463(b) of such Act (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows through "subsequent fiscal year" and inserting in lieu thereof "$270,000,000 for the fiscal year ending September 30, 1986, $280,000,000 for the fiscal year ending September 30, 1987, $290,000,000 for the fiscal year ending September 30, 1988, $300,000,000 for the fiscal year ending September 30, 1989, and $310,000,000 for the fiscal year ending September 30, 1990".

AUTHORIZATION FOR APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1423. Effective October 1, 1985, section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "$260,000,000" and all that follows through "subsequent fiscal year" and inserting in lieu thereof "$370,000,000 for the fiscal year ending September 30, 1986, $380,000,000 for the fiscal year ending September 30, 1987, $390,000,000 for the fiscal year ending September 30, 1988, $400,000,000 for the fiscal year ending September 30, 1989, and $420,000,000 for the fiscal year ending September 30, 1990".

CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1424. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by—

(1) redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) inserting after subsection (a) the following new subsection:

"(b)(1) Notwithstanding chapter 63 of title 31, United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Secretary and a State cooperative institution, State department of agriculture, college, university, other research or educational institution or organization, Federal or private agency or organization, individual, or any other party, if the Secretary determines that—

"(A) the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting; and

"(B) all parties will contribute resources to the accomplishment of those objectives.

"(2) Notwithstanding any other provision of law, any Federal agency may participate in any such cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise if it is mutually agreed that the objectives of the agreement will further the authorized programs of the contributing agency.".

INDIRECT COSTS

SEC. 1425. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by adding at the end thereof the following new sentences: "The prohibition on the use of such funds for the reimbursement of indirect costs shall not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance, or reimbursement. The Secretary shall limit the amount of such reimbursement to an amount necessary to carry out such program or agreement.".

COST-REIMBURSABLE AGREEMENTS

SEC. 1426. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473 (7 U.S.C. 3319) the following new section:

"COST-REIMBURSABLE AGREEMENTS

"SEC. 1473A. Notwithstanding any other provision of law, the Secretary of Agriculture may enter into cost-reimbursable agreements with State cooperative institutions without regard to any requirement for competition, for the acquisition of goods or services, including personal services, to carry out agricultural research, extension, or teaching activities of mutual interest. Reimbursable costs under

such agreements shall include the actual direct costs of performance, as mutually agreed on by the parties, and the indirect costs of performance, not exceeding 10 percent of the direct cost.".

TECHNOLOGY DEVELOPMENT

SEC. 1427. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (as amended by section 1425) is amended by inserting after section 1473A the following new sections:

"TECHNOLOGY DEVELOPMENT FOR SMALL- AND MEDIUM-SIZED FARMING OPERATIONS

"SEC. 1473B. It is the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Secretary of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding that is received by the Secretary of Agriculture for such activities, should be directed to technology that can be used effectively by small- and medium-sized farming operations.

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473C. (a) Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement with a private agency, organization, or individual to share the cost of a research project, or to allow the use of a Federal facility or service on a cost-sharing or cost reimbursable basis, to develop new agricultural technology to further a research program of the Secretary.

"(b) For each of the fiscal years ending September 30, 1986, through September 30, 1990, not more than $3,000,000 of the funds appropriated to the Agricultural Research Service for such fiscal year may be used to carry out this section.

"(c)(1) To be eligible to receive a contribution under this section, matching funds in an amount equal to at least 50 percent of such contribution shall be provided from non-Federal sources by the recipient or recipients of such contribution.

"(2) Funds received by the Secretary under this section shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the costs of such research projects and to repay or make advances to appropriations or funds that do or will initially bear all or part of such costs.

"(3) The amount of funds or in kind assistance that may be made available under this section by the Secretary for a particular research project may not exceed—

"(A) an amount of $50,000 in any fiscal year; or

"(B) a total amount of $150,000.".

SUPPLEMENTAL AND ALTERNATIVE CROPS

SEC. 1428. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as amended by section 1426) is amended by inserting after section 1473C the following new section:

"SUPPLEMENTAL AND ALTERNATIVE CROPS

"SEC. 1473D. (a) Notwithstanding any other provision of law, during the period beginning October 1, 1986, and ending September 30, 1990, the Secretary shall develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under this title.

"(b) The development of supplemental and alternative crops is of critical importance to producers of agricultural commodities whose livelihood is threatened by the decline in demand experienced with respect to certain of their crops due to changes in consumption patterns or other related causes.

"(c)(1) The Secretary shall use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this section in the implementation of a comprehensive and integrated program.

"(2) The program developed and implemented by the Secretary shall include—

"(A) an examination of the adaptation of supplemental and alternative crops;

"(B) the establishment and extension of various methods of planting, cultivating, harvesting, and processing supplemental and alternative crops at pilot sites in areas adversely affected by declining demand for crops grown in the area;

"(C) the transfer of such applied research from pilot sites to on-farm practice as soon as practicable;

"(D) the establishment through grants, cooperative agreements, or other means of such processing, storage, and transportation facilities near such pilot sites for supplemental and alternative crops as the Secretary determines will facilitate the achievement of a successful pilot program; and

"(E) the application of such other resources and expertise as the Secretary considers appropriate to support the program.

"(3) The pilot program may include, but shall not be limited to, agreements, grants, and other arrangements—

"(A) to conduct comprehensive resource and infrastructure assessments;

"(B) to develop and introduce supplemental and alternative income-producing crops;

"(C) to develop and expand domestic and export markets for such crops; and

"(D) to provide technical assistance to farm owners and operators, marketing cooperatives, and others.

"(d) The Secretary shall use the expertise and resources of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this section.".

AQUACULTURE

SEC. 1429. (a) Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by—

(1) in the first sentence of subsection (b)—

(A) striking out "and" at the end of paragraph (2);

(B) inserting "and" after the semicolon at the end of paragraph (3); and

(C) inserting after paragraph (3) the following new paragraph:

"(4) nonprofit private research institutions;";

(2) in the last sentence of subsection (b), inserting "(of which amount an in-kind contribution may not exceed 50 percent)" after "matching grant";

(3) in the first sentence of subsection (d), striking out "State agencies" and all that follows through "universities," and inserting in lieu thereof "any of the non-Federal entities specified in subsection (b)";

(4) adding at the end of subsection (d) the following new sentence: "To the extent practicable, the aquaculture research, development, and demonstration centers established under this subsection shall be geographically located so that they are representative of the regional aquaculture opportunities in the United States."; and

(5) in the first sentence of subsection (e), inserting "the House Committee on Merchant Marine and Fisheries," after "House Committee on Agriculture,".

(b) Section 1476 of such Act (7 U.S.C. 3323) is repealed.

(c) Section 1477 of such Act (7 U.S.C. 3324) is amended to read as follows:

"AUTHORIZATION FOR APPROPRIATIONS

"SEC. 1477. There is authorized to be appropriated $7,500,000 for each fiscal year beginning after the effective date of this subtitle, and ending with the fiscal year ending September 30, 1990.".

RANGELAND RESEARCH

SEC. 1430. (a) The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1990".

(b) Section 1483(a) of such Act (7 U.S.C. 3336(a)) is amended by striking out "1985" and all that follows through "subsequent fiscal year" and inserting in lieu thereof "1990".

AUTHORIZATION FOR APPROPRIATIONS FOR FEDERAL AGRICULTURAL RESEARCH FACILITIES

SEC. 1431. (a) There are authorized to be appropriated for each of the fiscal years ending September 30, 1988, through September 30, 1990, such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land, of or used by the Agricultural Research Service, except that—

(1) the cost of planning any one facility shall not exceed $500,000; and

(2) the total cost of any one facility shall not exceed $5,000,000.

(b) Not later than 60 days after the end of each of the fiscal years ending September 30, 1986, through September 30, 1990, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report specifying—

(1) the location of each building, laboratory, research facility, and other public improvement of or to be used by the Agricultural Research Service that is planned, constructed, acquired, repaired, or remodeled, with funds appropriated under subsection (a), in the fiscal year involved; and

(2) with respect to each such building, laboratory, research facility, and improvement—

(A) the amount of such funds obligated in the fiscal year; and

(B) the amount of such funds expended in the fiscal year for such item.

DAIRY GOAT RESEARCH

SEC. 1432. Effective October 1, 1985, section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out "September" the first place it appears and all that follows through "1985" and inserting in lieu thereof "September 30, 1986, through September 30, 1990".

GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES

SEC. 1433. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "equipment".

(b) Section 1433(b) of such Act (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" after "1985,"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1434. Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

SMITH-LEVER ACT

SEC. 1435. (a) Section 2 of the Act of May 8, 1914 (38 Stat. 372, chapter 79; 7 U.S.C. 342) (hereafter in this section referred to as the Smith-Lever Act) (7 U.S.C. 342) is amended by—

(1) inserting "development of practical applications of research knowledge and" after "consist of the"; and

(2) inserting "of existing or improved practices or technologies" after "practical demonstrations".

(b) Section 3 of the Smith-Lever Act (7 U.S.C. 343) is amended by adding at the end thereof the following:

"(f)(1) The Secretary of Agriculture may conduct educational, instructional, demonstration, and publication distribution programs through the Federal Extension Service and enter into cooperative agreements with private nonprofit and profit organizations and in-

dividuals to share the cost of such programs through contributions from private sources as provided in this subsection.

"(2) The Secretary may receive contributions under this subsection from private sources for the purposes described in paragraph (1) and provide matching funds in an amount not greater than 50 percent of such contributions.

(c)(1) The Secretary of Agriculture shall conduct a study to determine whether any funds that are—

(A) appropriated after the date of the enactment of this Act to carry out the Smith-Lever Act (7 U.S.C. 341 et seq.), other than section 8 of such Act (7 U.S.C. 347a); and

(B) in excess of the aggregate amount appropriated to carry out the Smith-Lever Act (other than section 8 of such Act) in the fiscal year ending September 30, 1985,

can be allocated more effectively among the States.

(2) Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report summarizing the results of such study and containing the recommendations of the Secretary regarding the allocation of such funds.

(d) This section and the amendments made by this section shall become effective on October 1, 1985.

MARKET EXPANSION RESEARCH

SEC. 1436. (a) The Secretary of Agriculture, using available funds, shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products thereof in domestic and foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

(b)(1) The Secretary of Agriculture shall conduct a research and development program to formulate new uses for farm and forest products. Such program shall include, but not be limited to, research and development of industrial, new, and value-added products.

(2) To the extent practicable, the Secretary of Agriculture shall carry out the program authorized in this subsection with colleges and universities, private industry, and Federal and State entities through a combination of grants, cooperative agreements, contracts, and interagency agreements.

(3)(A) There are authorized to be appropriated such sums as are necessary to carry out the program authorized under this subsection.

(B) In addition, the Secretary may use funds appropriated or made available to the Secretary under provisions of law other than subparagraph (A) to carry out such program.

(C) To the extent requests are made for matching funds under such program, the total amount of funds used by the Secretary to carry out the program under this subsection may not be less than

$10,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1990.

(4) Funds appropriated under subparagraph (A) or made available under subparagraph (B) may be transferred among appropriation accounts to carry out the purposes of the program authorized under this subsection.

(5) Notwithstanding any other provision of law, the Federal share of the cost of each research or development project funded under this subsection may not exceed 50 percent of the cost of such project.

PESTICIDE RESISTANCE STUDY

SEC. 1437. (a) The Secretary of Agriculture is encouraged to conduct a study on the detection and management of pesticide resistance and, within 1 year after the date of enactment of this Act, submit to the President and Congress a report on such study.

(b) The study shall include—

(1) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistance to pesticides;

(2) a review of existing efforts to monitor current and historical patterns of pesticide resistance; and

(3) a strategy for the establishment of a national pesticide resistance monitoring program, involving Federal, State, and local agencies, as well as the private sector.

EXPANSION OF EDUCATION STUDY

SEC. 1438. (a) The Secretary of Agriculture and the Secretary of Education are authorized to take such joint action as may be necessary to expand the scope of the study, known as the Study of Agriculture Education on the Secondary Level, currently being conducted by the National Academy of Sciences and sponsored jointly by the Departments of Agriculture and Education to include—

(1) a study of the potential use of modern technology in the teaching of agriculture programs at the secondary school level; and

(2) recommendations of the National Academy of Sciences on how modern technology can be most effectively utilized in the teaching of agricultural programs at the secondary school level.

(b) Any increase in the cost of conducting such study as a result of expanding the scope of such study pursuant to subsection (a) shall be borne by the Secretary of Agriculture out of funds appropriated to the Department of Agriculture for research and education or from funds made available to the National Academy of Sciences from private sources to expand the scope of such study.

CRITICAL AGRICULTURAL MATERIALS

SEC. 1439. (a) Section 5(b)(9) of the Critical Agricultural Materials Act (7 U.S.C. 178c(b)(9)) is amended by inserting ", carrying out demonstration projects to promote the development or commercialization of such crops (including projects designed to expand domestic or foreign markets for such crops)," after "purposes,".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law, in carrying out a demonstration project referred to in subsection (b)(9), the Secretary may—

"(1) enter into a contract or cooperative agreement with, or provide a grant to, any person, or public or private agency or organization, to participate in, carry out, support, or stimulate such project;

"(2) make available for purposes of clause (1) agricultural commodities or the products thereof acquired by the Commodity Credit Corporation under price support operations conducted by the Corporation; or

"(3) use any funds appropriated pursuant to section 16(a), or any funds provided by any person, or public or private agency or organization, to carry out such project or reimburse the Commodity Credit Corporation for agricultural commodities or products that are utilized in connection with such project.".

SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

SEC. 1440. (a) Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by inserting at the end thereof the following new subsection:

"(f) SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS.—(1)(A) The Secretary shall provide special grants for programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming.

"(B) Such programs shall consist of educational and counseling services to farmers to—

"(i) assess human and nonhuman resources;

"(ii) assess income earning alternatives;

"(iii) identify resources and opportunities available to the farmer in the local community, county, and State;

"(iv) implement financial planning and management strategies; and

"(v) provide linkages to specific resources and opportunities that are available to the farmer, such as reentering agriculture, new business opportunities, other off-farm jobs, job search programs, and retraining skills.

"(C) The Secretary also may provide support to mental health officials in developing outreach programs in rural areas.

"(2) Grants may be made under paragraph (1) during the period beginning on the date of enactment of the Food Security Act of 1985 and ending 3 years after such date.".

(b) Section 503(c) of such Act (7 U.S.C. 2663(c)) is amended by inserting "and section 502(f)" after "section 502(e)" both times it appears.

ANNUAL REPORT ON FAMILY FARMS

SEC. 1441. Section 102(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266(b)) is amended by—

(1) designating the first and second sentences as paragraphs (1) and (2), respectively; and

(2) amending paragraph (2) (as so designated) to read as follows:

"(2) The Secretary shall also include in each such report—

"(A) information on how existing agricultural and agriculture-related programs are being administered to enhance and strengthen the family farm system of agriculture in the United States;

"(B) an assessment of how tax, credit, and other current Federal income, excise, estate, and other tax laws, and proposed changes in such laws, may affect the structure and organization of, returns to, and investment opportunities by family and non-family farm owners and operators, both foreign and domestic;

"(C) identification and analysis of new food and agricultural production and processing technological developments, especially in the area of biotechnology, and evaluation of the potential effect of such developments on—

"(i) the economic structure of the family farm system;

"(ii) the competitive status of domestically-produced agricultural commodities and foods in foreign markets; and

"(iii) the achievement of Federal agricultural program objectives;

"(D) an assessment of the credit needs of family farms and the extent to which those needs are being met, and an analysis of the effects of the farm credit situation on the economic structure of the family farm system;

"(E) an assessment of how economic policies and trade policies of the United States affect the financial operation of, and prospects for, family farm operations;

"(F) an assessment of the effect of Federal farm programs and policies on family farms and non-family farms that—

"(i) derive the majority of their income from non-farm sources; and

"(ii) derive the majority of their income from farming operations; and

"(G) such other information as the Secretary considers appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States.".

CONFORMING AMENDMENTS TO TABLES OF CONTENTS

SEC. 1442. (a) The table of contents of the Food and Agriculture Act of 1977 (Public Law 95-113; 91 Stat. 913) (as amended by sections 1413, 1420, 1425, 1426, 1427, and 1428(b)) is amended by—

(1) striking out the items relating to sections 1424, 1427, 1459, 1460, 1461, 1462, 1476;

(2) inserting after the item relating to section 1473 the following new items:

"Sec. 1473A. Cost-reimbursable agreements.
"Sec. 1473B. Technology development for small- and medium-sized farming operations.
"Sec. 1473C. Special technology development research program.
"Sec. 1473D. Supplemental and alternative crops."; and

(3) striking out the item relating to section 1477 and inserting in lieu thereof the following new item:

"Sec. 1477. Authorization for appropriations.".

(b) The table of contents of the Agriculture and Food Act of 1981 (Public Law 97-98; 95 Stat. 1213) (as amended by section 1433) is amended by striking out the item relating to section 1446.

Subtitle B—Human Nutrition Research

FINDINGS

Sec. 1451. Congress finds that—

(1) nutrition and health considerations are important to United States agricultural policy;

(2) section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) designates the Department of Agriculture as the lead agency of the Federal Government for human nutrition research (except with respect to the biomedical aspects of human nutrition concerned with diagnosis or treatment of disease);

(3) section 1423 of such Act (7 U.S.C. 3173) requires the Secretary of Agriculture to establish research into food and human nutrition as a separate and distinct mission of the Department of Agriculture;

(4) the Secretary has established a nutrition education program; and

(5) nutrition research continues to be of great importance to those involved in agricultural production.

HUMAN NUTRITION RESEARCH

Sec. 1452. (a) Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture (hereafter in this subtitle referred to as the "Secretary") shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program, including recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan.

(b) Not later than 1 year after the date of the submission of the plan required under subsection (a), and each year thereafter, the Secretary shall submit to such committees an annual report on the human nutrition research activities conducted by the Secretary.

DIETARY ASSESSMENT AND STUDIES

Sec. 1453. (a) The Secretary of Agriculture and the Secretary of Health and Human Services shall jointly conduct an assessment of existing scientific literature and research relating to—

(1) the relationship between dietary cholesterol and blood cholesterol and human health and nutrition; and

(2) dietary calcium and its importance in human health and nutrition.

In conducting the assessments under this subsection, the Secretaries shall consult with agencies of the Federal Government involved in related research. On completion of such assessments, the Secretaries

shall each recommend such further studies as the Secretaries consider useful.

(b) Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture and the Secretary of Health and Human Services shall each submit to the House Committees on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources a report that shall include the results of the assessments conducted under subsection (a) and recommendations made under such subsection, for more complete studies of the issues examined under such subsection, including a protocol, feasibility assessment, budget estimates and a timetable for such research as each Secretary shall consider appropriate.

Subtitle C—Agricultural Productivity Research

DEFINITIONS

Sec. 1461. For purposes of this subtitle:

(1) The term "extension" shall have the same meaning given to such term by section 1404(7) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(7)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(4) The term "State agricultural experiment stations" shall have the meaning given to such term by section 1404(13) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101(13)).

FINDINGS

Sec. 1462. Congress finds that—

(1) highly productive and efficient agricultural systems and sound conservation practices are essential to ensure the long-term agricultural viability and profitability of farms and ranches in the United States;

(2) agricultural research and technology transfer activities of the Secretary (including activities of the Extension Service, the Agricultural Research Service, and the Cooperative State Research Service), State cooperative extension services, land-grant and other colleges and universities, and State agricultural experiment stations—

(A) have contributed greatly to innovation in agriculture; and

(B) have a continuing role to play in improving agricultural productivity;

(3) the annual irretrievable loss of billions of tons of precious topsoil through wind and water erosion reduces agricultural productivity;

(4) many farmers and ranchers are highly dependent on machines and energy resources for agricultural production;

(5) public funding of a properly planned and balanced agricultural research program is essential to improving efficiency in agricultural production and conservation practices; and

(6) expanded agricultural research and extension efforts are needed to assist farmers and ranchers to—

(A) improve agricultural productivity; and

(B) implement soil, water, and energy conservation practices.

PURPOSES

SEC. 1463. It is the purpose of this subtitle to—

(1) facilitate and promote scientific investigation in order to—

(A) enhance agricultural productivity;

(B) maintain the productivity of land;

(C) reduce soil erosion and loss of water and plant nutrients; and

(D) conserve energy and natural resources; and

(2) facilitate the conduct of research projects in order to study agricultural production systems that—

(A) are located, to the extent practicable, in areas that possess various soil, climatic, and physical characteristics;

(B) have been, and will continue to be, managed using farm production practices that rely on—

(i) items purchased for the production of an agricultural commodity; and

(ii) a variety of conservation practices; and

(C) are subjected to a change from the practices described in subparagraph (B)(i) to the practices described in subparagraph (B)(ii).

INFORMATION STUDY

SEC. 1464. (a) Subject to section 1468, the Secretary shall inventory and classify by subject matter all studies, reports, and other materials developed by any person or governmental agency with the participation or financial assistance of the Secretary, that could be used to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall—

(1) identify, assess, and classify existing information and research reports that will further the purposes of this subtitle, including information and research relating to legume-crop rotation, the use of green manure, animal manures, and municipal wastes in agricultural production, soil acidity, liming in relation to nutrient release, intercropping, the role of organic matter in soil productivity and erosion control, the effect of topsoil loss on soil productivity, and biological methods of weed, disease, and insect control;

(2) identify which of such reports provide useful information and make such useful reports available to farmers and ranchers; and

(3) identify gaps in such information and carry out a research program to fill such gaps.

RESEARCH PROJECTS

SEC. 1465. (a) Subject to section 1468, in cooperation with Federal and State research agencies and agricultural producers, the Secretary shall conduct such research projects as are needed to obtain data, draw conclusions, and demonstrate technologies necessary to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall conduct projects and studies in areas that are broadly representative of United States agricultural production, including production on small farms.

(c) In carrying out subsection (a), the Secretary may conduct research projects involving crops, soils, production methods, and weed, insect, and disease pests on individual fields or other areas of land.

(d) In the case of a research project conducted under this section that involves the planting of a sequence of crops, the Secretary shall conduct such project for a term of—

(1) at least 5 years; and

(2) to the extent practicable, 12 to 15 years.

(e)(1) In coordination with the Extension Service and State cooperative extension services, the Secretary shall take such steps as are necessary to ensure that farmers and ranchers are aware of projects conducted under this section.

(2) The Secretary shall ensure that such projects are open for public observation at specified times.

(f)(1) Subject to paragraph (2), the Secretary may indemnify an operator of a project conducted under this section for damage incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under such project that is not experienced in normal farming operations.

(2) An indemnity payment under paragraph (1) shall be subject to any agreement between a project grantee and operator entered into prior to the initiation of such project.

COORDINATION

SEC. 1466. The Secretary shall—

(1) establish a panel of experts consisting of representatives of the Agricultural Research Service, Cooperative State Research Service, Soil Conservation Service, Extension Service, State cooperative extension services, State agricultural experiment stations, and other specialists in agricultural research and technology transfer; and

(2) ensure that a research project under this subtitle is designed after taking into consideration the views of such panel.

REPORTS

SEC. 1467. The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate—

(1) not later than 180 days after the effective date of this subtitle, a report describing the design of research projects established in accordance with sections 1465 and 1466;

(2) not later than 15 months after the effective date of this subtitle, a report describing the results of the program carried out under section 1464; and

(3) not later than April 1, 1987, and each April 1 thereafter, a report describing the progress of projects conducted under this subtitle, including—

(A) a summary and analysis of data collected under such projects; and

(B) recommendations based on such data for new basic or applied research.

AGREEMENTS

SEC. 1468. The Secretary may carry out sections 1464 and 1465 through agreements with land-grant colleges or universities, other universities, State agricultural experiment stations, nonprofit organizations, or Federal or State governmental entities, that have demonstrated appropriate expertise in agricultural research and technology transfer.

DISSEMINATION OF DATA

SEC. 1469. The Secretary shall—

(1) make available through the Extension Service and State cooperative extension services—

(A) the information and research reports identified under section 1464; and

(B) the information and conclusions resulting from any research project conducted under section 1465; and

(2) otherwise take such steps as are necessary to ensure that such material is made available to the public.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1470. There are authorized to be appropriated such sums as may be necessary to carry out this subtitle, to remain available until expended.

EFFECTIVE DATE

SEC. 1471. This subtitle shall become effective on October 1, 1985.

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

Subtitle A—Food Stamp Provisions

PUBLICLY OPERATED COMMUNITY MENTAL HEALTH CENTERS

SEC. 1501. (a) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended by—

(1) in subsection (f), striking out "which" and all that follows through "providing" and inserting in lieu thereof ", or a publicly operated community mental health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.) to provide"; and

(2) inserting ", or a publicly operated community mental health center," after "private nonprofit institution" in the last sentence of subsection (i).

(b) Section 10 of such Act (7 U.S.C. 2019) is amended by inserting "publicly operated community mental health centers or" after "purchased, and".

DETERMINATION OF FOOD SALES VOLUME

SEC. 1502. Section 3(k) of the Food Stamp Act of 1977 (7 U.S.C. 2012(k)) is amended by inserting after "food sales volume" in clause (1) the following: ", as determined by visual inspection, sales records, purchase records, or other inventory or accounting record-keeping methods that are customary or reasonable in the retail food industry,".

THRIFTY FOOD PLAN

SEC. 1503. The first sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "fifty-four" and inserting in lieu thereof "fifty".

DEFINITIONS OF THE DISABLED

SEC. 1504. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended by—

(1) inserting before the semicolon at the end of paragraph (2) the following: ", federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note)";

(2) inserting before the semicolon at the end of paragraph (3) the following: "or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i))";

(3) inserting "or non-service-connected" after "service-connected" in paragraph (4)(A);

(4) striking out "or" at the end of paragraph (5);

(5) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or"; and

(6) adding at the end thereof the following:

"(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term 'employment' as defined in the Social Security Act, and if an application for disability benefits had been filed.".

STATE AND LOCAL SALES TAXES

SEC. 1505. (a) Section 4(a) of the Food Stamp Act of 1977 (7 U.S.C. 2013(a)) is amended by inserting before the period at the end of the first sentence the following: ", except that a State may not participate in the food stamp program if the Secretary determines that

State or local sales taxes are collected within that State on purchases of food made with coupons issued under this Act".

(b)(1) Except as provided in paragraph (2), the amendment made by subsection (a) shall take effect with respect to a State beginning on the first day of the fiscal year that commences in the calendar year during which the first regular session of the legislature of such State is convened following the date of enactment of this Act.

(2) Upon a showing by a State, to the satisfaction of the Secretary, that the application of paragraph (1), without regard to this paragraph, would have an adverse and disruptive effect on the administration of the food stamp program in such State or would provide inadequate time for retail stores to implement changes in sales tax policy required as a result of the amendment made by subsection (a), the Secretary may delay the effective date of subsection (a) with respect to such State to a date not later than October 1, 1987.

RELATION OF FOOD STAMP AND COMMODITY DISTRIBUTION PROGRAMS

SEC. 1506. Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by—

(1) striking out the first sentence; and

(2) striking out "also" in the second sentence.

CATEGORICAL ELIGIBILITY

SEC. 1507. (a)(1) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by inserting after the first sentence the following: "Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), and during the period beginning on the date of the enactment of the Food Security Act of 1985 and ending on September 30, 1989, households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act, supplemental security income benefits under title XVI of the Social Security Act, or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act, shall be eligible to participate in the food stamp program.".

(2) During the period beginning on the date of the enactment of this Act and ending on September 30, 1989, section 5(j) of the Food Stamp Act of 1977 (7 U.S.C. 2014(j)) shall not apply.

(b) Section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following: "No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the statutes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.".

(c) Not later than 2 years after the date of the enactment of this Act, the Secretary shall—

(1) evaluate the implementation of the second sentence of section 5(a) of the Food Stamp Act of 1977, as amended by subsection (a) of this section; and

(2) submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report summarizing the results of such evaluation.

THIRD PARTY PAYMENTS

SEC. 1508. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended by—

(1) inserting "except as provided in subsection (k)," after "household," in subsection (d)(1); and

(2) adding at the end thereof the following new subsection:

"(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

"(A) a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(B) a benefit payable to the household for living expenses under—

"(i) a State or local general assistance program; or

"(ii) another basic assistance program comparable to general assistance (as determined by the Secretary).

"(2) Paragraph (1) shall not apply to—

"(A) medical assistance;

"(B) child care assistance;

"(C) energy assistance;

"(D) assistance provided by a State or local housing authority; or

"(E) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary.".

EXCLUDED INCOME

SEC. 1509. (a) Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)), as amended by section 1508, is amended by—

(1) inserting "and except as provided in subsection (k)," after the comma at the end of clause (1);

(2) in clause (3)—

(A) striking out "higher education" and inserting in lieu thereof "post-secondary education"; and

(B) adding at the end thereof "and to the extent loans include any origination fees and insurance premiums,";

(3) inserting "no portion of any non-Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like that are provided for living expenses, and no portion of any Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like to the extent it provides income assistance beyond that used for tuition and mandatory school fees," in the proviso to clause (5) after "child care expenses,";

(4) inserting ", but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer" before the comma in clause (9);

(5) inserting "except as otherwise provided in subsection (k) of this section" after "food stamp program" in clause (10).

(b) Section 5(k) of such Act, as added by section 1508, is amended by adding at the end thereof the following new paragraph:

"(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like that are provided to a third party on behalf of a household for living expenses shall be treated as money payable directly to the household.".

(c) Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by section 1508, is amended by adding at the end thereof the following new subsection:

"(l) Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 204(5) of the Job Training Partnership Act shall be considered earned income for purposes of the food stamp program, except for dependents less than 19 years of age.".

CHILD SUPPORT PAYMENTS

SEC. 1510. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014), as amended by sections 1508 and 1509—

(1) in subsection (d) by—

(A) striking out "and" at the end of clause (11); and

(B) inserting before the period at the end thereof the following: ", and (13) at the option of a State agency and subject to subsection (m), child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(vi))"; and

(2) adding at the end thereof the following new subsection:

"(m) If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner prescribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the result of such exclusion.".

DEDUCTIONS FROM INCOME

SEC. 1511. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by—

(1) in the second sentence, striking out "homeownership component" and inserting in lieu thereof "homeowners' costs and maintenance and repair component";

(2) effective May 1, 1986, in the third sentence, striking out "18" and inserting in lieu thereof "20";

(3) effective May 1, 1986, amending the fourth sentence by—

(A) amending the proviso to clause (2) to read as follows: ": Provided, That the amount of such excess shelter expense

deduction shall not exceed $147 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States, $256, $210, $179, and $109 a month, respectively, adjusted on October 1, 1986, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter (exclusive of homeowners' costs and maintenance and repair component of shelter costs), fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30,";

(B) in clause (1), striking out "the same as" and all that follows through "clause (2) of this subsection", and inserting in lieu thereof "$160 a month";

(C) striking out ", or (2)" and inserting in lieu thereof "and (2)"; and

(D) striking out ", or (3)" and all that follows down to the period at the end thereof; and

(4) after the seventh sentence, inserting the following: "If a State agency elects to use a standard utility allowance that reflects heating or cooling costs, it shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, provided that the household still incurs out-of-pocket heating or cooling expenses. A State agency may use a separate standard utility allowance for households on behalf of which such payment is made, but may not be required to do so. A State agency not electing to use a separate allowance, and making a single standard utility allowance available to households incurring heating or cooling expenses (other than households described in the sixth sentence of this subsection) may not be required to reduce such allowance due to the provision (direct or indirect) of assistance under the Low-Income Home Energy Assistance Act of 1981. For purposes of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 shall be considered to be prorated over the entire heating or cooling season for which it was provided. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to one additional time during each twelve-month period.".

INCOME FROM SELF-EMPLOYMENT

SEC. 1512. Section 5(f)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)(A)) is amended by adding at the end thereof the following: "Notwithstanding the preceding sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial

increase or decrease in business earnings, the State agency shall calculate the self-employment income based on anticipated earnings.".

RETROSPECTIVE BUDGETING AND MONTHLY REPORTING SIMPLIFICATION

SEC. 1513. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended by—

(1) amending subparagraph (A) to read as follows:

"(A) Household income for—

"(i) migrant farmworker households, and

"(ii) households—

"(I) that have no earned income, and

"(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).";

(2) in subparagraph (B)—

(A) striking out "(i)";

(B) inserting "the first sentence of" after "under" the first place it appears; and

(C) striking out "(ii)" and all that follows through "this Act,"; and

(3) striking out subparagraph (C) and inserting in lieu thereof the following:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended by—

(1) amending the first sentence to read as follows: "State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection."; and

(2) inserting after the second sentence the following: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph.".

RESOURCES LIMITATION

SEC. 1514. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by—

(1) effective May 1, 1986, in the first sentence, striking out "$1,500, or, in the case of a household consisting of two or more persons, one of whom is age 60 or over, if its resources exceed $3,000" and inserting in lieu thereof "$2,000, or, in the case of a household which consists of or includes a member who is 60 years of age or older, if its resources exceed $3,000";

(2) in the second sentence—

(A) inserting "and inaccessible resources" after "relating to licensed vehicles"; and

(B) after "physically disabled household member" inserting "and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle"; and

(3) adding at the end thereof the following: "The Secretary shall exclude from financial resources the value of a burial plot for each member of a household.".

DISASTER TASK FORCE

SEC. 1515. Section 5(h)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(2)) is amended to read as follows:

"(2) The Secretary shall—

"(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

"(B) if the Secretary, in the Secretary's discretion, determines that it is cost-effective to send members of the Task Force to the disaster area, the Secretary shall send them to such area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.".

ELIGIBILITY DISQUALIFICATIONS

SEC. 1516. Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended by—

(1) in the first sentence of subsection (d)(1)—

(A) striking out "no household shall be eligible for assistance under this Act if it includes a" and inserting in lieu thereof "(A) no person shall be eligible to participate in the food stamp program who is";

(B) by striking out "eighteen" in the matter preceding clause (i) of the first sentence and inserting in lieu thereof "sixteen";

(C) striking out all that follows "(iii)" through "days; or (iv)"; and

(D) inserting before the period at the end thereof the following: "; and (B) no household shall be eligible to participate in the food stamp program (i) if the head of the household is a physically and mentally fit person between the ages of sixteen and sixty and such individual refuses to do any of those acts described in clause (A) of this sentence, or (ii) if the head of the household voluntarily quits any job

without good cause, but, in such case, the period of ineligibility shall be ninety days";

(2) adding at the end of subsection (d)(1) the following: "Any period of ineligibility for violations under this paragraph shall end when the household member who committed the violation complies with the requirement that has been violated. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to sanction for such violation and, if it is otherwise eligible, may resume participation in the food stamp program, but any other household of which such person thereafter becomes the head of the household shall be ineligible for the balance of the period of ineligibility.";

(3) in subsection (d)(2) by—

(A) striking out "or" at end of clause (D);

(B) inserting before the period at the end thereof the following: "; or (F) a person between the ages of sixteen and eighteen who is not a head of a household or who is attending school, or enrolled in an employment training program, on at least a half-time basis"; and

(4) inserting at the end of clause (2) of subsection (e) the following: "or is an individual who is not assigned to or placed in an institution of higher learning through a program under the Job Training Partnership Act,"; and

(5) in clause (2) of subsection (f)—

(A) striking out "section 203(a)(7)" and "(8 U.S.C. 1153(a)(7))" in subclause (D) and inserting in lieu thereof "sections 207 and 208" and "(8 U.S.C. 1157 and 1158)", respectively;

(B) striking out "because of persecution" and all that follows through "natural calamity" in subclause (D);

(C) striking out "because of the judgment of the Attorney General" and all that follows in subclause (F) through "political opinion".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1517. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C.. 2015(d)) is amended by—

(1) amending clause (A)(ii) of paragraph (1) to read as follows: "(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under paragraph (4), including any reasonable employment requirements as are prescribed by the State agency in accordance with paragraph (4), and the period of ineligibility shall be two months;"; and

(2) adding at the end thereof the following:

"(4)(A) Not later than April 1, 1987, each State agency shall implement an employment and training program designed by the State agency and approved by the Secretary for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment.

"(B) For purposes of this Act, an 'employment and training program' means a program that contains one or more of the following components:

"(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act, except that the State agency shall have no obligation to incur costs exceeding $25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

"(ii) Job search training programs that include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including educational programs, determined by the State agency to expand the job search abilities or employability of those subject to the program.

"(iii) Workfare programs operated under section 20.

"(iv) Programs designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed or trained under such programs to move promptly into regular public or private employment. An employment or training experience program established under this clause shall—

"(I) limit employment experience assignments to projects that serve a useful public purpose in fields such as health, social services, environmental protection, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care;

"(II) to the extent possible, use the prior training, experience, and skills of the participating member in making appropriate employment or training experience assignments;

"(III) not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program; and

"(IV) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

"(v) As approved by the Secretary, other programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

"(C) The State agency may provide that participation in an employment and training program may supplement or supplant other employment-related requirements imposed on those subject to the program.

"(D)(i) Each State agency may exempt from any requirement for participation in any program under this paragraph categories of household members to which the application of such participation requirement is impracticable as applied to such categories due to factors such as the availability of work opportunities and the cost-effectiveness of the employment requirements. In making such a de-

termination, the State agency may designate a category consisting of all such household members residing in a specific area of the State. Each State may exempt, with the approval of the Secretary, members of households that have participated in the food stamp program 30 days or less.

"(ii) Each State agency may exempt from any requirement for participation individual household members not included in any category designated as exempt under clause (i) but with respect to whom such participation is impracticable because of personal circumstances such as lack of job readiness and employability, the remote location of work opportunities, and unavailability of child care.

"(iii) Any exemption of a category or individual under this subparagraph shall be periodically evaluated to determine whether, on the basis of the factors used to make a determination under clauses (i) or (ii), the exemption continues to be valid. Such evaluations shall occur no less often than at each certification or recertification in the case of exemptions under clause (ii).

"(E) Each State agency shall establish requirements for participation by individuals not exempt under subparagraph (D) in one or more employment and training programs under this paragraph, including the extent to which any individual is required to participate. Such requirements may vary among participants.

"(F)(i) The total hours of work in an employment and training program carried out under this paragraph required of members of a household, together with the hours of work of such members in any program carried out under section 20, in any month collectively may not exceed a number of hours equal to the household's allotment for such month divided by the higher of the applicable State minimum wage or Federal minimum hourly rate under the Fair Labor Standards Act of 1938.

"(ii) The total hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in another program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, shall not exceed one hundred and twenty hours per month.

"(G)(i) The State agency may operate any program component under this paragraph in which individuals elect to participate.

"(ii) The State agency shall permit, to the extent it determines practicable, individuals not subject to requirements imposed under subparagraph (E) or who have complied, or are in the process of complying, with such requirements to participate in any program under this paragraph.

"(H) The State agency shall reimburse participants in programs carried out under this paragraph, including those participating under subparagraph (G), for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in the program, except that the State agency may limit such reimbursement to each participant to $25 per month.

"(I) The Secretary shall promulgate guidelines that (i) enable State agencies, to the maximum extent practicable, to design and operate an employment and training program that is compatible and consistent with similar programs operated within the State, and (ii)

ensure, to the maximum extent practicable, that employment and training programs are provided for Indians on reservations.

"(J)(i) For any fiscal year, the Secretary shall establish performance standards for each State that, in the case of persons who are subject to employment requirements under this section and who are not exempt under subparagraph (D), designate the minimum percentages (not to exceed 50 percent through September 30, 1989) of such persons that State agencies shall place in programs under this paragraph. Such standards need not be uniform for all the States, but may vary among the several States. The Secretary shall consider the cost to the States in setting performance standards and the degree of participation in programs under this paragraph by exempt persons.

"(ii) In making any determination as to whether a State agency has met a performance standard under clause (i), the Secretary shall—

"(I) consider the extent to which persons have elected to participate in programs under this paragraph;

"(II) consider such factors as placement in unsubsidized employment, increases in earnings, and reduction in the number of persons participating in the food stamp program; and

"(III) consider other factors determined by the Secretary to be related to employment and training.

"(iii) The Secretary shall vary the performance standards established under clause (i) according to differences in the characteristics of persons required to participate and the type of program to which the standard is applied.

"(iv) The Secretary may delay establishing performance standards for up to 18 months after national implementation of the provisions of this paragraph, in order to base performance standards on State agency experience in implementing this paragraph.

"(K)(i) The Secretary shall ensure that State agencies comply with the requirements of this paragraph and section 11(e)(22).

"(ii) If the Secretary determines that a State agency has failed, without good cause, to comply with such a requirement, including any failure to meet a performance standard under subparagraph (J), the Secretary may withhold from such State, in accordance with section 16(a), (c), and (h), such funds as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14.

"(L) The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act may be used to find employment and training opportunities for household members under the programs under this paragraph.".

(b) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) is amended by—

(1) striking out "and" at the end of paragraph (20);

(2) striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof the following:

"(22) the plans of the State agency for carrying out employment and training programs under section 6(d)(4), including the nature and extent of such programs, the geographic areas and households to be covered under such program, and the basis, in-

cluding any cost information, for exemptions of categories and individuals and for the choice of employment and training program components reflected in the plans."

(c) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following:

"(h)(1) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 18(a)(1), the amount of $40,000,000 for the fiscal year ending September 30, 1986, $50,000,000 for the fiscal year ending September 30, 1987, $60,000,000 for the fiscal year ending September 30, 1988, and $75,000,000 for each of the fiscal years ending September 30, 1989 and September 30, 1990, to carry out the employment and training program under section 6(d)(4), except as provided in paragraph (3), during such fiscal year.

"(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the first limitation in paragraph (3).

"(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 6(d)(4), except that such total amount shall not exceed an amount representing $25 per participant per month and such reimbursement shall not be made out of funds allocated under paragraph (1).

"(4) Funds provided to a State agency under this subsection may be used only for operating an employment and training program under section 6(d)(4), and may not be used for carrying out other provisions of the Act.

"(5)(A) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.

"(B) The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs."

(d) Subsection (b) of section 20 of such Act (7 U.S.C. 2029(b)) is amended to read as follows:

"(b)(1) A household member shall be exempt from workfare requirements imposed under this section if such member is—

"(A) exempt from section 6(d)(1) as the result of clause (B), (C), (D), (E), or (F) of section 6(d)(2);

"(B) at the option of the operating agency, subject to and currently actively and satisfactorily participating at least 20 hours a week in a work training program required under title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(C) mentally or physically unfit;

"(D) under sixteen years of age;

"(E) sixty years of age or older; or

"(F) a parent or other caretaker of a child in a household in which another member is subject to the requirements of this section or is employed fulltime.

"(2)(A) Subject to subparagraphs (B) and (C), in the case of a household that is exempt from work requirements imposed under this Act as the result of participation in a community work experience program established under section 409 of the Social Security Act (42 U.S.C. 609), the maximum number of hours in a month for which all members of such household may be required to participate in such program shall equal the result obtained by dividing—

"(i) the amount of assistance paid to such household for such month under title IV of such Act, together with the value of the food stamp allotment of such household for such month; by

"(ii) the higher of the Federal or State minimum wage in effect for such month.

"(B) In no event may any such member be required to participate in such program more than 120 hours per month.

"(C) For the purpose of subparagraph (A)(i), the value of the food stamp allotment of a household for a month shall be determined in accordance with regulations governing the issuance of an allotment to a household that contains more members than the number of members in an assistance unit established under title IV of such Act.".

STAGGERING OF COUPON ISSUANCE

SEC. 1518. Section 7 of the Food Stamp Act of 1977 (7 U.S.C. 2016) is amended by adding at the end thereof the following:

"(h)(1) The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: Provided, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than 40 days, either through regular issuances by the State agency or through supplemental issuances.

"(2) For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the the eighth day of the first full month of participation.".

ALTERNATIVE MEANS OF COUPON ISSUANCE

' SEC. 1519. Section 7(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(g)(1)) is amended by striking out "may" in the matter preceding clause (A) and inserting in lieu thereof "shall".

SIMPLIFIED APPLICATIONS AND STANDARDIZED BENEFITS

SEC. 1520. Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary may permit not more than five statewide projects (upon the request of a State) and not more than five projects in political subdivisions of States (upon the request of a State or po-

litical subdivision) to operate a program under which a household shall be considered to have satisfied the application requirements prescribed under section 5(a) and the income and resource requirements prescribed under subsections (d) through (g) of section 5 if such household—

"(A) includes one or more members who are recipients of—

"(i) aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(ii) supplemental security income under title XVI of such Act (42 U.S.C. 1381 et seq.); or

"(iii) medical assistance under title XIX of such Act (42 U.S.C. 1396 et seq.); and

"(B) has an income that does not exceed the applicable income standard of eligibility described in section 5(c).

"(2) Except as provided in paragraph (3), a State or political subdivision that elects to operate a program under this subsection shall base the value of an allotment provided to a household under subsection (a) on—

"(A)(i) the size of the household; and

"(ii)(I) benefits paid to such household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act; or

"(II) the income standard of eligibility for medical assistance under title XIX of such Act; or

"(B) at the option of the State or political subdivision, the standard of need for such size household under the programs referred to in clause (A)(ii).

"(3) The Secretary shall adjust the value of allotments received by households under a program operated under this subsection to ensure that the average allotment by household size for households participating in such program and receiving such aid to families with dependent children, such supplemental security income, or such medical assistance, as the case may be, is not less than the average allotment that would have been provided under this Act but for the operation of this subsection, for each category of households, respectively, in a State or political subdivision, for any period during which such program is in operation.

"(4) The Secretary shall evaluate the impact of programs operated under this subsection on recipient households, administrative costs, and error rates.

"(5) The administrative costs of such programs shall be shared in accordance with section 16.

"(6) In implementing this section, the Secretary shall consult with the Secretary of Health and Human Services to ensure that to the extent practicable, in the case of households participating in such programs, the processing of applications for, and determinations of eligibility to receive, food stamp benefits are simplified and are unified with the processing of applications for, and determinations of eligibility to receive, benefits under such titles of the Social Security Act (42 U.S.C. 601 et seq.).".

DISCLOSURE OF INFORMATION SUBMITTED BY RETAIL STORES

SEC. 1521. Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by inserting before the period at the end of the second sentence the following: ", except that such information may be disclosed to and used by State agencies that administer the special supplemental food program for women, infants and children, authorized under section 17 of the Child Nutrition Act of 1966, for purposes of administering the provisions of that Act and the regulations issued under that Act".

CREDIT UNIONS

SEC. 1522. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by section 1501, is amended by—

(1) inserting ", or which are insured under the Federal Credit Union Act and have retail food stores or wholesale food concerns in their field of membership" after "Federal Savings and Loan Insurance Corporation" the first place it appears; and

(2) inserting "or the Federal Credit Union Act" after "Federal Savings and Loan Insurance Corporation" the second place it appears.

CHARGES FOR REDEMPTION OF COUPONS

SEC. 1523. (a) Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019), as amended by sections 1501 and 1522, is amended by adding at the end thereof the following: "No financial institution may impose on or collect from a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in a manner consistent with the requirements, other than any requirements relating to cancellation of coupons, for the presentation of coupons by financial institutions to the Federal Reserve banks.".

(b) The Secretary of Agriculture, in consultation with the Board of Governors of the Federal Reserve System, shall issue regulations implementing the amendment made by subsection (a).

HOURS OF OPERATION

SEC. 1524. Section 16(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(b)(1)) is amended by inserting ", including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program," after "States".

CERTIFICATION OF INFORMATION

SEC. 1525. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is further amended by adding at the end thereof the following: "One adult member of a household that is applying for a coupon allotment shall be required to certify in writing, under penalty of perjury, the truth of the information contained in the application for the allotment;".

FRAUD DETECTION

SEC. 1526. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by section 1517 and 1525, is further amended by adding at the end thereof the following new paragraph:

"(23) in a project area in which 5,000 or more households participate in the food stamp program, for the establishment and operation of a unit for the detection of fraud in the food stamp program, including the investigation, and assistance in the prosecution, of such fraud; and".

VERIFICATION

SEC. 1527. Section 11(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended by—

(1) striking out "only" after "verification";

(2) inserting ", household size (in any case such size is questionable)," after "Act)"; and

(3) striking out "any factors" and all that follows through "by the Secretary" and inserting in lieu thereof "such other eligibility factors as the State agency determines are necessary".

PHOTOGRAPHIC IDENTIFICATION CARDS

SEC. 1528. Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended by—

(1) striking out "last sentence" and inserting in lieu thereof "fourth sentence";

(2) inserting "and would be cost effective" after "integrity";

(3) striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(4) adding at the end thereof the following: "The State agency may permit a member of a household to comply with this paragraph by presenting a photographic identification card used to receive assistance under a welfare or public assistance program;".

ELIGIBILITY OF THE HOMELESS

SEC. 1529. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)), as amended by section 1525, is amended by—

(1) striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(2) adding at the end thereof the following: "The State agency shall provide a method of certifying and issuing coupons to eligible households that do not reside in permanent dwellings or who do not have fixed mailing addresses. In carrying out the preceding sentence, the State agency shall take such steps as are necessary to ensure that participation in the food stamp program is limited to eligible households.".

EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM

SEC. 1530. Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C. 2020(f)) is amended by adding at the end thereof the following: "State agencies shall encourage food stamp program participants to participate in the expanded food and nutrition education program

conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), commonly known as the Smith-Lever Act and any program established under sections 1584 through 1588 of the Food Security Act of 1985. At the request of personnel of such education program, State agencies, wherever practicable, shall allow personnel and information materials of such education program to be placed in food stamp offices.".

FOOD STAMP PROGRAM INFORMATION AND SIMPLIFIED APPLICATION AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1531. (a) Effective October 1, 1986, clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)), as amended by section 1531, is amended by—

(1) inserting "applicants for or" after "members are";

(2) striking out "permitted" and all that follows through "office", and inserting in lieu thereof "informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office".

(b) Effective October 1, 1986, section 11(j) of the Food Stamp Act of 1977 (7 U.S.C. 2020(j)) is amended to read as follows:

"(j)(1) Any individual who is an applicant for or recipient of social security benefits (under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services) shall be informed of the availability of benefits under the food stamp program and informed of the availability of a simple application to participate in such program at the social security office.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Food Security Act of 1985, regarding services to be provided in social security offices under this subsection and subsection (i), in a manner to ensure that—

"(A) applicants for and recipients of social security benefits are adequately notified in social security offices that assistance may be available to them under this Act;

"(B) applications for assistance under this Act from households in which all members are applicants for or recipients of supplemental security income will be forwarded immediately to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to provide such services.".

(c) Not later than April 1, 1987, the Secretary of Agriculture shall submit a report, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, describing the nature and extent of the costs being incurred by the Secretary of Health and Human Services to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977, as amended by subsections (a) and (b).

RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 1532. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following:

"(e)(1) In the event any retail food store or wholesale food concern that has been disqualified under subsection (a) is sold or the ownership thereof is otherwise transferred to a purchaser or transferee, the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern shall be subjected to a civil money penalty in an amount established by the Secretary through regulations to reflect that portion of the disqualification period that has not yet expired. If the retail food store or wholesale food concern has been disqualified permanently, the civil money penalty shall be double the penalty for a ten-year disqualification period, as calculated under regulations issued by the Secretary. The disqualification period imposed under subsection (b) shall continue in effect as to the person or persons who sell or otherwise transfer ownership of the retail food store or wholesale food concern notwithstanding the imposition of a civil money penalty under this subsection.

"(2) At any time after a civil money penalty imposed under paragraph (1) has become final under the provisions of section 14(a), the Secretary may request the Attorney General to institute a civil action against the person or persons subject to the penalty in a district court of the United States for any district in which such person or persons are found, reside, or transact business to collect the penalty and such court shall have jurisdiction to hear and decide such action. In such action, the validity and amount of such penalty shall not be subject to review.".

(b) Section 9(b) of of the Food Stamp Act of 1977 (7 U.S.C. 2018(b)) is amended by—

(1) inserting "(1)" after the subsection designation; and

(2) adding at the end thereof the following new paragraph:

"(2)(A) A buyer or transferee (other than a bona fide buyer or transferee) of a retail food store or wholesale food concern that has been disqualified under section 12(a) may not accept or redeem coupons until the Secretary receives full payment of any penalty imposed on such store or concern.

"(B) A buyer or transferee may not, as a result of the sale or transfer of such store or concern, be required to furnish a bond under section 12(d).".

LIABILITY FOR OVERISSUANCE OF COUPONS

SEC. 1533. Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) is amended by—

(1) inserting "(1)" after the subsection designation; and

(2) adding at the end thereof the following new paragraph:

"(2) Each adult member of a household shall be jointly and severally liable for the value of any overissuance of coupons.".

COLLECTION OF CLAIMS

SEC. 1534. Section 13(b)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2022(b)(1)(B)) is amended by—

(1) striking out "may" and inserting in lieu thereof "shall"; and

(2) inserting ", unless the State agency demonstrates to the satisfaction of the Secretary that such other means are not cost effective" before the period at the end thereof.

FOOD STAMP INTERCEPT OF UNEMPLOYMENT BENEFITS

SEC. 1535. (a) Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended by adding at the end thereof the following new subsection:

"(c)(1) As used in this subsection, the term 'uncollected overissuance' means the amount of an overissuance of coupons, as determined under subsection (b)(1), that has not been recovered pursuant to subsection (b)(1).

"(2) A State agency may determine on a periodic basis, from information supplied pursuant to section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)), whether an individual receiving compensation under the State's unemployment compensation law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law) owes an uncollected overissuance.

"(3) A State agency may recover an uncollected overissuance—

"(A) by—

"(i) entering into an agreement with an individual described in paragraph (2) under which specified amounts will be withheld from unemployment compensation otherwise payable to the individual; and

"(ii) furnishing a copy of the agreement to the State agency administering the unemployment compensation law; or

"(B) in the absence of an agreement, by obtaining a writ, order, summons, or other similar process in the nature of garnishment from a court of competent jurisdiction to require the withholding of amounts from the unemployment compensation.".

(b)(1) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)), as amended by section 1526, is amended by adding at the end thereof the following new paragraph:

"(24) at the option of the State, for procedures necessary to obtain payment of uncollected overissuance of coupons from unemployment compensation pursuant to section 13(c).".

(2) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended by—

(A) striking out "or" the second place it appears and inserting in lieu thereof a comma; and

(B) inserting after "such Act," the following: "or of a State agency charged with the administration of the food stamp program in a State under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.),".

(3) Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) is amended by—

(A) redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(B) inserting after paragraph (1) the following new paragraph:

"(2)(A) For purposes of this paragraph, the term 'unemployment compensation' means any unemployment compensation payable under the State law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law).

"(B) The State agency charged with the administration of the State law—

"(i) may require each new applicant for unemployment compensation to disclose whether the applicant owes an uncollected overissuance (as defined in section 13(c)(1) of the Food Stamp Act of 1977) of food stamp coupons,

"(ii) may notify the State food stamp agency to which the uncollected overissuance is owed that the applicant has been determined to be eligible for unemployment compensation if the applicant discloses under clause (i) that the applicant owes an uncollected overissuance and the applicant is determined to be so eligible,

"(iii) may deduct and withhold from any unemployment compensation otherwise payable to an individual—

"(I) the amount specified by the individual to the State agency to be deducted and withheld under this clause,

"(II) the amount (if any) determined pursuant to an agreement submitted to the State food stamp agency under section 13(c)(3)(A) of the Food Stamp Act of 1977, or

"(III) any amount otherwise required to be deducted and withheld from the unemployment compensation pursuant to section 13(c)(3)(B) of such Act, and

"(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State food stamp agency.

"(C) Any amount deducted and withheld under subparagraph (B)(iii) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by the individual to the State food stamp agency to which the uncollected overissuance is owed as repayment of the individual's uncollected overissuance.

"(D) A State food stamp agency to which an uncollected overissuance is owed shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by the State agency under this paragraph that are attributable to repayment of uncollected overissuance to the State food stamp agency to which the uncollected overissuance is owed.".

(c)(1) The proviso of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "section 13(b)(1) of this Act" and inserting in lieu thereof "subsections (b)(1) and (c) of section 13".

(2) The first sentence of section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out "section 13(b) of this Act" and inserting in lieu thereof "subsections (b) and (c) of section 13".

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 1536. The last sentence of section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended by—

(1) striking out "an application" and inserting in lieu thereof "on application"; and

(2) striking out "showing of irreparable injury" and inserting in lieu thereof "consideration by the court of the applicant's likelihood of prevailing on the merits and of irreparable injury".

STATE AGENCY LIABILITY, QUALITY CONTROL, AND AUTOMATIC DATA PROCESSING

SEC. 1537. (a) Effective with respect to the fiscal year beginning October 1, 1985, and each fiscal year thereafter, section 16(d) of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by—

(1) in paragraph (2)(A), inserting before the period at the end thereof the following:

"less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency"; and

(2) adding at the end thereof the following:

"(6) To facilitate the implementation of paragraphs (2) and (3), each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount for which the State agency will be liable for such fiscal year under paragraphs (2) and (3). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraphs (2) and (3) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 14 (as provided for in paragraph (5)), before the end of the fiscal year following such fiscal year.".

(b) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following new subsection:

"(o)(1) The Secretary shall develop, after consultation with, and with the assistance of, an advisory group of State agencies appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act, a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program. The plan shall be developed and made available for public comment through publication of the proposed plan in the Federal Register not later than October 1, 1986. The Secretary shall complete the plan, taking into consideration public comments received, not later than February 1, 1987. The elements of the plan may include intake procedures, eligibility determinations and calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, and program reporting. In developing the plan, the Secretary shall take into account automated data processing and information systems already in existence in States and shall provide for consistency with such systems.

"(2) Not later than October 1, 1987, each State agency shall develop and submit to the Secretary for approval a plan for the use of an automated data processing and information retrieval system to administer the food stamp program in such State. The State plan shall take into consideration the model plan developed by the Secretary under paragraph (1) and shall provide times frames for completion of various phases of the State plan. If a State agency already has a sufficient automated data processing and information retrieval system, the State plan may, subject to the Secretary's approval, reflect the existing State system.

"(3) Not later than April 1, 1988, the Secretary shall prepare and submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems for the administration of the food stamp program, including State plans submitted under paragraph (2). Such report shall include an analysis of additional steps needed for States to achieve effective and cost-efficient data processing and information systems. The Secretary, thereafter, shall periodically update such report.

"(4) Based on the Secretary's findings in such report submitted under paragraph (3), the Secretary may require a State agency, as necessary to rectify identified shortcomings in the administration of the food stamp program in the State, except where such direction would displace State initiatives already under way, to take specified steps to automate data processing systems or computerize information systems for the administration of the food stamp program in the State if the Secretary finds that, in the absence of such systems, there will be program accountability or integrity problems that will substantially affect the administration of the food stamp program in the State.

"(5)(A) Subject to subparagraph (B), in the case of a plan for an automated data processing and information retrieval system submitted by a State agency to the Secretary under paragraph (2), such State agency shall—

"(i) commence implementation of its plan not later than October 1, 1988; and

"(ii) meet the time frames set forth in the plan.

"(B) The Secretary shall extend a deadline imposed under subparagraph (A) to the extent the Secretary deems appropriate based on the Secretary's finding of a good faith effort of a State agency to implement its plan in accordance with subparagraph (A)."

(c) Section 11(g) of the Food Stamp Act of 1977 (7 U.S.C. 2020(g)) is amended by—

(1) inserting "the State plan for automated data processing submitted pursuant to subsection (o)(2) of this section," after "pursuant to subsection (d) of this section,", and

(2) striking out "16(a) and 16(c)" and inserting in lieu thereof "16(a), 16(c), and 16(g)".

QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

SEC. 1538. (a)(1)(A) The Secretary of Agriculture (hereinafter referred to in this section as the "Secretary") shall conduct a study of

the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(B) The study shall—

(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

(3) Not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b)(1) During the 6-month period beginning on the date of enactment of this Act (hereinafter in this section referred to as the "moratorium period"), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

(2) During the moratorium period, the Secretary and the State agencies shall continue to—

(A) operate the quality control systems in effect under the Food Stamp Act of 1977; and

(B) calculate error rates under section 16 of such Act.

(c)(1) Not later than 18 months after the date of enactment of this Act, the Secretary shall publish regulations that shall—

(A) restructure the quality control system used under the Food Stamp Act of 1977 to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

(2) Beginning 2 years after the date of the enactment of this Act the Secretary shall—

(A) implement the restructured quality control system; and

(B) reduce payments to State agencies—

(i) for quarters after implementation of such system in accordance with the restructured quality control system; and

(ii) for quarters before implementation of such system, as provided under the regulations described in paragraph (1)(B)."

GEOGRAPHICAL ERROR-PRONE PROFILES

SEC. 1539. Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by adding at the end thereof the following new subsection:

"(i)(1) The Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1)) that impair the integrity of the food stamp program.

"(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

"(3) Not later than 12 months after the date of enactment of the Food Security Act of 1985, and each 12 months thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2).".

PILOT PROJECTS

SEC. 1540. (a) Section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "December 31, 1985" the last place it appears and inserting in lieu thereof "October 1, 1990".

(b) Section 17(d) of the Food Stamp Act of 1977 is repealed.

(c) Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2226) is amended by redesignating subsections (e) and (f) as subsections (d) and (e).

AUTHORIZATION CEILING; AUTHORITY TO REDUCE BENEFITS

SEC. 1541. Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by—

(1) inserting, after the first sentence of subsection (a)(1), the following:

"To carry out the provisions of this Act, there are hereby authorized to be appropriated not in excess of $13,037,000,000 for the fiscal year ending September 30, 1986; not in excess of $13,936,000,000 for the fiscal year ending September 30, 1987; not in excess of $14,741,000,000 for the fiscal year ending September 30, 1988; not in excess of $15,435,000,000 for the fiscal year ending September 30, 1989; and not in excess of $15,970,000,000 for the fiscal year ending September 30, 1990."; and

(2) in the second sentence of subsection (b), striking out "the limitation set herein," and inserting in lieu thereof "the appropriation amount authorized in subsection (a)(1),".

TRANSFER OF FUNDS

SEC. 1542. (a) Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by adding at the end thereof the following new subsection:

"(f) No funds appropriated to carry out this Act may be transferred to the Office of the Inspector General, or the Office of the General Counsel, of the Department of Agriculture.".

(b) The amendment made by this section shall become effective on October 1, 1986.

PUERTO RICO BLOCK GRANT

SEC. 1543. Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended by—

(1) striking out "for each fiscal year" in subsection (a)(1)(A) and inserting in lieu thereof "for the fiscal year ending September 30, 1986, $852,750,000 for the fiscal year ending September 30, 1987, $879,750,000 for the fiscal year ending September 30, 1988, $908,250,000 for the fiscal year ending September 30, 1989, and $936,750,000 for the fiscal year ending September 30, 1990,";

(2) striking out "noncash" in subsection (a)(1)(A); and

(3) striking out "a single agency which shall be" in clause (i) of subsection (b)(1)(A) and inserting in lieu thereof "the agency or agencies directly."

Subtitle B—Commodity Distribution Provisions

TRANSFER OF SECTION 32 COMMODITIES

SEC. 1561. Section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), is amended by adding at the end thereof the following new sentence: "A public or private nonprofit organization that receives agricultural commodities or the products thereof under clause (2) of the second sentence may transfer such commodities or products to another public or private nonprofit organization that agrees to use such commodities or products to provide, without cost or waste, nutrition assistance to individuals in low-income groups.".

COMMODITY DISTRIBUTION PROGRAMS

SEC. 1562. (a) Section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out "1982, 1983, 1984, and 1985" in the first sentence of subsection (a) and inserting in lieu thereof "1986, 1987, 1988, 1989, and 1990"; and

(2) in subsection (b), striking out "under 18 years of age" and inserting in lieu thereof "18 years of age and under".

(b) Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by—

(1) striking out ", which projects shall operate no longer than two years, and" in clause (1) and inserting in lieu thereof a semicolon;

(2) striking out "1982 through 1985" in clause (2) and inserting in lieu thereof "1986 through 1990".

(c) Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsections:

"(f) The Secretary shall, in any fiscal year, approve applications of additional sites for the program in areas in which the program currently does not operate to the full extent that this can be done within the appropriations available for the program for the fiscal year and without reducing actual participation levels (including participation of elderly persons under subsection (g)) in areas in which the program is in effect.

"(g) If a local agency that administers the commodity supplemental food program determines that the amount of funds made available to the agency to carry out this section exceeds the amount of funds necessary to provide assistance under such program to women, infants, and children, the agency, with the approval of the Secretary, may permit low-income elderly persons (as defined by the Secretary) to participate in and be served by such program.".

(d) Notwithstanding any other provision of law, in implementing the commodity supplemental food program under section 4 of the Agriculture and Consumer Protection Act of 1973, the Secretary of Agriculture shall allow agencies distributing agricultural commodities to low-income elderly people under such programs on the date of enactment of this Act to continue such distribution at levels no lower than existing caseloads.

(e)(1) Section 209 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed; and

(2) clause (2) of section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended by striking out "amount appropriated for the provision of commodities to State agencies" and inserting in lieu thereof "sum of (A) the amount appropriated for the commodity supplemental food program and (B) the value of all additional commodities donated by the Secretary to State and local agencies that are provided without charge or credit for distribution to program participants".

EMERGENCY FEEDING ORGANIZATIONS—DEFINITIONS

SEC. 1563. Section 201A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by inserting, before the semicolon at the end of paragraph (1), the following: "(including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies) hereinafter in this title referred to as 'emergency feeding organizations' ".

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

SEC. 1564. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsections:

"(c) In addition to any commodities described in subsection (a), in carrying out this Act, the Secretary may use agricultural commodities and the products thereof made available under clause (2) of the second sentence of section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c).

"(d) Commodities made available under this Act shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.

"(e) Effective April 1, 1986, the Secretary shall submit semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the types and amounts of commodities made available for distribution under this Act.".

(b) Section 212 of the Temporary Emergency Food Assistance Act of 1973 is amended to read as follows:

"PROGRAM TERMINATION

"SEC. 212. Except for section 207, this Act shall terminate on September 30, 1987."

REPEAL OF PROVISIONS RELATING TO THE FOOD SECURITY WHEAT RESERVE

SEC. 1565. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) striking out the subsection designation for subsection (a); and

(2) striking out subsection (b).

(b) The second sentence of section 203A of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by striking out ", except that wheat from the Food Security Wheat Reserve may not be used to pay such costs".

REPORT ON COMMODITY DISPLACEMENT

SEC. 1566. Section 203C(a) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following: "The Secretary shall submit to Congress each year a report as to whether and to what extent such displacements or substitutions are occurring.".

DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS; PROCESSING AGREEMENTS

SEC. 1567. (a) Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by adding at the end thereof the following new sentence: "Commodities made available under this section shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.".

(b) Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by—

(1) inserting "(1)" after "(a)";

(2) adding, at the end thereof, the following:

"(2)(A) Effective through June 30, 1987, whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodity through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies. The expense of reprocessing shall be paid by such eligible recipient agencies.

"(B) To maintain eligibility to enter into, and to continue, any agreement with the Secretary of Agriculture under subparagraph (A), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such agreements.".

(c) Section 203 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is repealed.

STATE COOPERATION

SEC. 1568. (a) Section 203B(b) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new sentence: "Each State agency shall encourage distribution of such commodities in rural areas.".

(b) Section 203B of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following:

"(d) Each State agency receiving commodities under this title may—

"(1) enter into cooperative agreements with State agencies of other States for joint provision of such commodities to an emergency feeding organization that serves needy persons in a single geographical area part of which is situated in each of such States; or

"(2) transfer such commodities to any such emergency feeding organization in the other State under such agreement.".

AUTHORIZATION FOR FUNDING AND RELATED PROVISIONS

SEC. 1569. (a) Section 204 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) redesignating subsection (c) as subsection (d); and

(2) after subsection (b), inserting the following:

"(c)(1) There are authorized to be appropriated $50,000,000 for each of the fiscal years ending September 30, 1986, and September 30, 1987, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States.

"(2) Each State shall make available to emergency feeding organizations in the State not less than 20 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons, but only to the extent such expenses are actually so incurred by such organizations. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated

with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

"(3) States to which funds are allocated for a fiscal year under this subsection shall submit financial reports to the Secretary, on a regular basis, as to the use of such funds. No such funds may be used by States or emergency feeding organizations for costs other than those involved in covering the expenses related to the distribution of commodities by emergency feeding organizations.

"(4)(A) Except as provided in subparagraph (B), effective January 1, 1987, to be eligible to receive funds under this subsection, a State shall provide in cash or in kind (according to procedures approved by the Secretary for certifying these in-kind contributions) from non-Federal sources a contribution equal to the difference between—

"(i) the amount of such funds so received; and

"(ii) any part of the amount allocated to the State and paid by the State—

"(I) to emergency feeding organizations; or

"(II) for the direct expenses of such organizations;

for use in carrying out this title.

"(B)(i) Except as provided in clause (ii), subparagraph (A) shall apply to States beginning on January 1, 1987.

"(ii) If the legislature of a State does not convene in regular session before January 1, 1987, paragraph (1) shall apply to such State beginning on October 1, 1987.

"(C) Funds allocated to a State under this section may, upon State request, be allocated before States satisfy the matching requirement specified in subparagraph (A), based on the estimated contribution required. The Secretary shall periodically reconcile estimated and actual contributions and adjust allocations to the State to correct for overpayments and underpayments.

"(5) States may not charge for commodities made available to emergency feeding organizations, and may not pass on to such organizations the cost of any matching requirements, under this Act.".

REAUTHORIZATIONS

SEC. 1570. Section 210 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by—

(1) in subsection (c)—

(A) striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "the period beginning October 1, 1983, and ending September 30, 1987";

(B) striking out "prior to the beginning of the fiscal year ending September 30, 1985" and inserting in lieu thereof

"as early as feasible but not later than the beginning of the fiscal year ending September 30, 1987"; and

(C) striking out "second twelve months" and inserting in lieu thereof "such fiscal year"; and

(2) adding at the end thereof the following:

"(d) The regulations issued by the Secretary under this section shall include provisions that set standards with respect to liability for commodity losses under the program under this title in situations in which there is no evidence of negligence or fraud, and conditions for payment to cover such losses. Such provisions shall take into consideration the special needs and circumstances of emergency feeding organizations".

REPORT

SEC. 1571. Not later than April 1, 1987, the Secretary of Agriculture shall report to Congress on the activities of the program conducted under the Temporary Emergency Food Assistance Act of 1983. Such report shall include information on—

(1) the volume and types of commodities distributed under the program;

(2) the types of State and local agencies receiving commodities for distribution under the program;

(3) the populations served under the program and their characteristics;

(4) the Federal, State, and local costs of commodity distribution operations under the program (including transportation, storage, refrigeration, handling, distribution, and administrative costs); and

(5) the amount of Federal funds provided to cover State and local costs under the program.

Subtitle C—Nutrition and Miscellaneous Provisions

SCHOOL LUNCH PILOT PROJECT

SEC. 1581. (a) As used in this section, the term "eligible school district" means a school district that on the date of enactment of this Act, is participating in the pilot project study provided for under the last proviso of the paragraph under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (Public Law 96-258; 94 Stat. 3113).

(b) Effective through the school year ending June 30, 1987, the Secretary shall permit an eligible school district to receive assistance to carry out the school lunch program operated in the district in the form of, in lieu of commodities, all cash assistance or all commodity letters of credit assistance.

(c) If an eligible school district elects to receive assistance in the form of all cash assistance or all commodity letters of credit assistance under subsection (a), the Secretary shall provide bonus commodities to the district only in the form of commodities, to the same

extent as bonus commodities are provided to other school districts participating in the school lunch program.

GLEANING OF FIELDS

SEC. 1582. (a) Congress finds that—

(1) food banks, soup kitchens, and other emergency food providers help needy persons seeking food assistance at no cost to the Government;

(2) gleaning is a partnership between food producers and nonprofit organizations through which food producers permit members of such organizations to collect grain, vegetables, and fruit which have not been harvested and distribute such items to programs which provide food to needy individuals;

(3) support of gleaning to supply food to the poor is part of the Judeo-Christian heritage as set out in the Book of Leviticus: "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien.";

(4) a 1977 General Accounting Office analysis estimated that during the 1974 harvest 60,000,000 tons of grain, vegetables, and fruit, valued at $5,000,000,000, were unharvested;

(5) the diets of millions of people in the United States could have been supplemented with such lost grain, vegetables, and fruit;

(6) a number of State and local governments have enacted "Good Samaritan" laws which limit the liability of food donors and provide an incentive for food contributions; and

(7) numerous civil, religious, charitable, and other nonprofit organizations throughout the country have begun gleaning programs to harvest such food items and channel them to the needy in the United States.

(b) It is the sense of Congress that—

(1) food producers who permit gleaning of their fields and civic, religious, charitable, and other nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts; and

(2) State and local governments should be encouraged to enact tax and other incentives designed to increase the number of food producers who permit gleaning of their fields and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce.

ISSUANCE OF RULES

SEC. 1583. Not later than April 1, 1987, the Secretary shall issue rules to carry out the amendments made by this title.

NUTRITION EDUCATION FINDINGS

SEC. 1584. Congress finds that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer educa-

tion to enable them to use their food budgets, including food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

PURPOSE

SEC. 1585. The purpose of the program provided for under section 1584 through 1588 is to expand effective food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, including those participating in or eligible to participate in the programs under the Food Stamp Act of 1977, to assist them to—

(1) increase their ability to manage their food budgets, including food stamps and other food assistance;

(2) increase their ability to buy food that satisfies nutritional needs and promotes good health; and

(3) improve their food preparation, storage, safety, preservation, and sanitation practices.

PROGRAM

SEC. 1586. The cooperative extension services of the States shall, with funds made available under this subtitle, carry out an expanded program of food, nutrition, and consumer education for low-income individuals in a manner designed to achieve the purpose set forth in section 1585. In operating the program, the cooperative extension services may use the expanded food and nutrition education program, and other food, nutrition, and consumer education activities of the cooperative extension services or similar activities carried out by them in collaboration with other public or private nonprofit agencies or organizations. In carrying out their responsibilities under the program, the cooperative extension services are encouraged to—

(1) provide effective and meaningful food, nutrition, and consumer education services to as many low-income individuals as possible;

(2) employ educational methodologies, including innovative approaches, that accomplish the purpose set forth in section 1585; and

(3) to the extent practicable, coordinate activities carried out under the program with the delivery to low-income individuals of benefits under food assistance programs.

ADMINISTRATION

SEC. 1587. (a) The program provided for under section 1586 shall be administered by the Secretary of Agriculture through the Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service. The Secretary shall ensure that the Extension Service coordinates activities carried out under this subtitle with the ongoing food, nutrition, and consumer education activities of other agencies of the Department of Agriculture.

(b) The Secretary of Agriculture, not later than April 1, 1989, shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forest-

ry of the Senate a report evaluating the effectiveness of the program provided for under section 1586.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1588. (a) There are hereby authorized to be appropriated to carry out sections 1584 through 1588 $5,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; and $8,000,000 for each of the fiscal years ending September 30, 1988, September 30, 1989, and September 30, 1990.

(b) Any funds appropriated under this section for a fiscal year shall be allocated in the manner specified in subparagraphs (A) and (B) of section 1425(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.

(c) Any funds appropriated to carry out sections 1584 through 1588 shall supplement any other funds appropriated to the Department of Agriculture for use by the Department and the cooperative extension services of the States for food, nutrition, and consumer education for low-income households.

NUTRITION MONITORING

SEC. 1589. The Secretary of Agriculture shall—

(1) in conducting the Department of Agriculture's continuing survey of food intakes of individuals and any nationwide food consumption survey, include a sample that is representative of low-income individuals and, to the extent practicable, the collection of information on food purchases and other household expenditures by such individuals;

(2) to the extent practicable, continue to maintain the nutrient data base established by the Department of Agriculture; and

(3) encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of the nutritional and dietary status of individuals.

TITLE XVI—MARKETING

Subtitle A—Beef Promotion and Research Act of 1985

AMENDMENT TO BEEF RESEARCH AND INFORMATION ACT

SEC. 1601. (a) This section may be cited as the "Beef Promotion and Research Act of 1985".

(b) Sections 2 through 20 of the Beef Research and Information Act (7 U.S.C. 2901–2918) are amended to read as follows:

"CONGRESSIONAL FINDINGS AND DECLARATION OF POLICY

"SEC. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of human diet;

"(2) the production of beef and beef products plays a significant role in the Nation's economy, beef and beef products are produced by thousands of beef producers and processed by numerous processing entities, and beef and beef products are con-

sumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products should be readily available and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to the welfare of beef producers and those concerned with marketing, using, and producing beef products, as well as to the general economy of the Nation;

"(5) there exist established State and national organizations conducting beef promotion, research, and consumer education programs that are invaluable to the efforts of promoting the consumption of beef and beef products; and

"(6) beef and beef products move in interstate and foreign commerce, and beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce of beef and beef products.

"(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided herein, of an orderly procedure for financing (through assessments on all cattle sold in the United States and on cattle, beef, and beef products imported into the United States) and carrying out a coordinated program of promotion and research designed to strengthen the beef industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for beef and beef products. Nothing in this Act shall be construed to limit the right of individual producers to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act—

"(1) the term 'beef' means flesh of cattle;

"(2) the term 'beef products' means edible products produced in whole or in part from beef, exclusive of milk and products made therefrom;

"(3) the term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5(1);

"(4) the term 'cattle' means live domesticated bovine animals regardless of age;

"(5) the term 'Committee' means the Beef Promotion Operating Committee established under section 5(4);

"(6) the term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and use of beef and beef products;

"(7) the term 'Department' means the Department of Agriculture;

"(8) the term 'importer' means any person who imports cattle, beef, or beef products from outside the United States;

"(9) the term 'industry information' means information and programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry;

"(10) the term 'order' means a beef promotion and research order issued under section 4;

"(11) the term 'person' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity;

"(12) the term 'producer' means any person who owns or acquires ownership of cattle, except that a person shall not be considered to be a producer if the person's only share in the proceeds of a sale of cattle or beef is a sales commission, handling fee, or other service fee;

"(13) the term 'promotion' means any action, including paid advertising, to advance the image and desirability of beef and beef products with the express intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace;

"(14) the term 'qualified State beef council' means a beef promotion entity that is authorized by State statute or is organized and operating within a State, that receives voluntary contributions and conducts beef promotion, research, and consumer information programs, and that is recognized by the Board as the beef promotion entity within such State;

"(15) the term 'research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development;

"(16) the term 'Secretary' means the Secretary of Agriculture;

"(17) the term 'State' means each of the 50 States; and

"(18) the term 'United States' means the several States and the District of Columbia.

"ISSUANCE OF ORDERS

"SEC. 4. (a) During the period beginning on the effective date of this section and ending thirty days after receipt of a proposal for a beef promotion and research order, the Secretary shall publish such proposed order and give due notice and opportunity for public comment on such proposed order. Such proposal may be submitted by any organization meeting the requirements for certification under section 6 or any interested person, including the Secretary.

"(b) After notice and opportunity for public comment are given, as provided for in subsection (a), the Secretary shall issue a beef promotion and research order. The order shall become effective not later than one hundred and twenty days following publication of the proposed order.

"REQUIRED TERMS IN ORDERS

"SEC. 5. An order issued under section 4(b) shall contain the following terms and conditions:

"(1) The order shall provide for the establishment and selection of a Cattlemen's Beef Promotion and Research Board. Members of the Board shall be cattle producers and importers appointed by the Secretary from (A) nominations submitted by eligible State organizations certified under section 6 (or, if the Secretary determines that there is no eligible State organization

in a State, the Secretary may provide for nominations from such State to be made in a different manner), and (B) nominations submitted by importers under such procedures as the Secretary determines appropriate. In determining geographic representation for cattle producers on the Board, whole States shall be considered as a unit. Each State that has a total cattle inventory greater than five hundred thousand head shall be entitled to at least one representative on the Board. A State that has a total inventory of fewer than 500,000 cattle shall be grouped, as far as practicable, with other States each of which has a combined total inventory of not less than 500,000 cattle, into geographically contiguous units in a manner prescribed in the order. A unit may be represented on the Board by more than one member. For each additional million head of cattle within a unit, such unit shall be entitled to an additional member on the Board. The Board may recommend a change in the level of inventory per unit necessary for representation on the Board and, on such recommendation, the Secretary may change the level necessary for representation on the Board. The number of members on the Board that represent importers shall be determined by the Secretary on a proportional basis, by converting the volume of imported beef and beef products into live animal equivalencies.

"(2) The order shall define the powers and duties of the Board, which shall be exercised at an annual meeting, and shall include only the following powers:

"(A) To administer the order in accordance with its terms and provisions.

"(B) To make rules and regulations to effectuate the terms and provisions of the order.

"(C) To elect members of the Board to serve on the Committee.

"(D) To approve or disapprove budgets submitted by the Committee.

"(E) To receive, investigate, and report to the Secretary complaints of violations of the order.

"(F) To recommend to the Secretary amendments to the order.

In addition, the order shall determine the circumstances under which special meetings of the Board may be held.

"(3) The order shall provide that the term of appointment to the Board shall be three years with no member serving more than two consecutive terms, except that initial appointments shall be proportionately for one-year, two-year, and three-year terms; and that Board members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board.

"(4)(A) The order shall provide that the Board shall elect from its membership ten members to serve on the Beef Promotion Operating Committee, which shall be composed of ten members of the Board and ten producers elected by a federation that includes as members the qualified State beef councils. The producers elected by the federation shall be certified by the Sec-

retary as producers that are directors of a qualified State beef council. The Secretary also shall certify that such directors are duly elected by the federation as representatives to the Committee.

"(B) The Committee shall develop plans or projects of promotion and advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board. In developing plans or projects, the Committee shall—

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

"(C) The Committee shall be responsible for developing and submitting to the Board, for its approval, budgets on a fiscal year basis of its anticipated expenses and disbursements, including probable costs of advertising and promotion, research, consumer information, and industry information projects. The Board shall approve or disapprove such budgets and, if approved, shall submit such budget to the Secretary for the Secretary's approval.

"(D) The total costs of collection of assessments and administrative staff incurred by the Board during any fiscal year shall not exceed 5 per centum of the projected total assessments to be collected by the Board for such fiscal year. The Board shall use, to the extent possible, the resources, staffs, and facilities of existing organizations.

"(5) The order shall provide that terms of appointment to the Committee shall be one year, and that no person may serve on the Committee for more than six consecutive terms. Committee members shall serve without compensation, but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Committee. The Committee may utilize the resources, staffs, and facilities of the Board and industry organizations. An employee of an industry organization may not receive compensation for work performed for the Committee, but shall be reimbursed from assessments collected by the Board for reasonable expenses incurred in performing such work.

"(6) The order shall provide that, to ensure coordination and efficient use of funds, the Committee shall enter into contracts or agreements for implementing and carrying out the activities authorized by this Act with established national nonprofit industry-governed organizations, including the federation referred to in paragraph (4), to implement programs of promotion, research, consumer information, and industry information. Any such contract or agreement shall provide that—

"(A) the person entering the contract or agreement shall develop and submit to the Committee a plan or project together with a budget or budgets that shows estimated costs to be incurred for the plan or project;

"(B) the plan or project shall become effective on the approval of the Secretary; and

"(C) the person entering the contract or agreement shall keep accurate records of all of its transactions, account for funds received and expended, and make periodic reports to the Committee of activities conducted, and such other reports as the Secretary, the Board, or the Committee may require.

"(7) The order shall require the Board and the Committee to—

"(A) maintain such books and records, which shall be available to the Secretary for inspection and audit, as the Secretary may prescribe;

"(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

"(C) account for the receipt and disbursement of all funds entrusted to them.

"(8)(A) The order shall provide that each person making payment to a producer for cattle purchased from the producer shall, in the manner prescribed by the order, collect an assessment and remit the assessment to the Board. The Board shall use qualified State beef councils to collect such assessments.

"(B) If an appropriate qualified State beef council does not exist to collect an assessment in accordance with paragraph (1), such assessment shall be collected by the Board.

"(C) The order also shall provide that each importer of cattle, beef, or beef products shall pay an assessment, in the manner prescribed by the order, to the Board. The assessments shall be used for payment of the costs of plans and projects, as provided for in paragraph (4), and expenses in administering the order, including more administrative costs incurred by the Secretary after the order has been promulgated under this Act, and to establish a reasonable reserve. The rate of assessment prescribed by the order shall be one dollar per head of cattle, or the equivalent thereof in the case of imported beef and beef products. A producer who can establish that the producer is participating in a program of an established qualified State beef council shall receive credit, in determining the assessment due from such producer, for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof. There shall be only one qualified State beef council in each State. Any person marketing from beef from cattle of the person's own production shall remit the assessment to the Board in the manner prescribed by the order.

"(9) The order shall provide that the Board, with the approval of the Secretary, may invest, pending disbursement, funds collected through assessments only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

"(10) The order shall prohibit any funds collected by the Board under the order from being used in any manner for the

purpose of influencing governmental action or policy, with the exception of recommending amendments to the order.

"(11) The order shall require that each person making payment to a producer, any person marketing beef from cattle of the person's own production directly to consumers, and any importer of cattle, beef, or beef products maintain and make available for inspection such books and records as may be required by the order and file reports at the time, in the manner, and having the content prescribed by the order. Such information shall be made available to the Secretary as is appropriate to the administration or enforcement of this Act, the order, or any regulation issued under this Act. In addition, the Secretary shall authorize the use of information regarding persons paying producers that is accumulated under a law or regulation other than this Act or regulations under this Act.

"All information so obtained shall be kept confidential by all officers and employees of the Department, and only such information so obtained as the Secretary deems relevant may be disclosed by them and then only in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the order. Nothing in this paragraph may be deemed to prohibit—

"(A) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected therefrom, which statements do not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating the order, together with a statement of the particular provisions of the order violated by the person.

"No information obtained under the authority of this Act may be made available to any agency or officer of the United States for any purpose other than the implementation of this Act and any investigatory or enforcement act necessary for the implementation of this Act. Any person violating the provisions of this paragraph shall be subject to a fine of not more than $1,000, or to imprisonment for not more than one year, or both, and if an officer or employee of the Board or the Department, shall be removed from office.

"(12) The order shall contain terms and conditions, not inconsistent with the provisions of this Act, as necessary to effectuate the provisions of the order.

"CERTIFICATION OF ORGANIZATIONS TO NOMINATE

"SEC. 6. (a) The eligibility of any State organization to represent producers and to participate in the making of nominations under section 5(1) shall be certified by the Secretary. The Secretary shall certify any State organization that the Secretary determines meets the eligibility criteria established under subsection (b) and such determination as to eligibility shall be final.

"(b) A State cattle association or State general farm organization may be certified as described in subsection (a) if such association or organization meets all of the following eligibility criteria:

"(1) The association or organization's total paid membership is comprised of at least a majority of cattle producers or the association or organization's total paid membership represents at least a majority of the cattle producers in the State.

"(2) The association or organization represents a substantial number of producers that produce a substantial number of cattle in the State.

"(3) The association or organization has a history of stability and permanency.

"(4) A primary or overriding purpose of the association or organization is to promote the economic welfare of cattle producers.

"(c) Certification of State cattle associations and State general farm organizations shall be based on a factual report submitted by the association or organization involved.

"(d) If more than one State organization is certified in a State (or in a unit referred to in section 5(1)), such organizations may caucus to determine any of such State's (or such unit's) nominations under section 5(1).

"REQUIREMENT OF REFERENDUM

"SEC. 7. (a) For the purpose of determining whether the initial order shall be continued, not later than 22 months after the issuance of the order (or any earlier date recommended by the Board), the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary. The order shall be continued only if the Secretary determines that it has been approved by not less than a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle. If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within six months after the Secretary determines that continuation of the order is not favored by a majority voting in the referendum and shall terminate the order in an orderly manner as soon as practicable after such determination.

"(b) After the initial referendum, the Secretary may conduct a referendum on the request of a representative group comprising 10 per centum or more of the number of cattle producers to determine whether cattle producers favor the termination or suspension of the order. The Secretary shall suspend or terminate collection of assessments under the order within six months after the Secretary determines that suspension or termination of the order is favored by a majority of the producers voting in the referendum who, during a representative period as determined by the Secretary, have been engaged in the production of cattle and shall terminate or suspend the order in an orderly manner as soon as practicable after such determination.

"(c) The Department shall be reimbursed from assessments collected by the Board for any expenses incurred by the Department in connection with conducting any referendum under this section, except for the salaries of Government employees. Any referendum conducted under this section shall be conducted on a date established by the Secretary, whereby producers shall certify that they were engaged in the production of cattle during the representative period and, on the same day, shall be provided an opportunity to vote in the referendum. Each referendum shall be conducted at county extension offices, and there shall be provision for an absentee mail ballot on request.

"REFUNDS

"SEC. 8. (a) During the period prior to the approval of the continuation of an order pursuant to the referendum required under section 7(a), subject to subsection (f), the Board shall—

"(1) establish an escrow account to be used for assessment refunds;

"(2) place funds in such account in accordance with subsection (b); and

"(3) refund assessments to persons in accordance with this section.

"(b) Subject to subsection (f), the Board shall place in such account, from assessments collected under section 7 during the period referred to in subsection (a), an amount equal to the product obtained by multiplying—

"(1) the total amount of assessments collected under section 7 during such period; by

"(2) the greater of—

"(A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or

"(B) 15 percent.

"(c) Subject to subsections (d), (e), and (f) and notwithstanding any other provision of this subtitle, any person shall have the right to demand and receive from the Board a one-time refund of all assessments collected under section 7 from such person during the period referred to in subsection (a) if such person—

"(1) is responsible for paying such assessment; and

"(2) does not support the program established under this Act.

"(d) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board.

"(e) Such refund shall be made on submission of proof satisfactory to the Board that the producer, person, or importer—

"(1) paid the assessment for which refund is sought; and

"(2) did not collect such assessment from another producer, person, or importer.

"(f)(1) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is approved pursuant to the referendum required under section 10(a), the Board shall—

"(A) continue to place in such account, from assessments collected under section 5, the amount required under subsection (b), until such time as the Board is able to comply with subparagraph (B); and

"(B) provide to all eligible persons the total amount of assessments demanded by all eligible producers.

"(2) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is not approved pursuant to the referendum required under section 7(a), the Board shall prorate the amount of such refunds among all eligible persons who demand such refund.

"ENFORCEMENT

"SEC. 9. (a) If the Secretary believes that the administration and enforcement of this Act or an order would be adequately served by such procedure, following an opportunity for an administrative hearing on the record, the Secretary may—

"(1) issue an order to restrain or prevent a person from violating an order; and

"(2) assess a civil penalty of not more than $5,000 for violation of such order.

"(b) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain a person from violating, an order or regulation made or issued under this Act.

"(c) A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS; POWER TO SUBPOENA AND TAKE OATHS AND AFFIRMATIONS; AID OF COURTS

"SEC. 10. The Secretary may make such investigations as the Secretary deems necessary for the effective administration of this Act or to determine whether any person subject to this Act has engaged or is about to engage in any act that constitutes or will constitute a violation of this Act, the order, or any rule or regulation issued under this Act. For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of the person and the production of records. The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. Process in any such case may be

served in the judicial district in which such person is an inhabitant or wherever such person may be found.

"ADMINISTRATIVE PROVISIONS

"SEC. 11. (a) Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"(b) The provisions of this Act applicable to the order shall be applicable to amendments to the order.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 12. There are authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated to carry out this Act shall not be available for payment of the expenses or expenditures of the Board or the Committee in administering any provisions of the order issued under section 4(b) of this Act.".

(c) The amendments made by this section shall take effect on January 1, 1986.

Subtitle B—Pork Promotion, Research, and Consumer Information

SHORT TITLE

SEC. 1611. This subtitle may be cited as the "Pork Promotion, Research, and Consumer Information Act of 1985".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 1612. (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States because pork and pork products are—

(A) produced by thousands of producers, including many small- and medium-sized producers; and

(B) consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be available readily and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets, and development of new markets, for pork and pork products are vital to—

(A) the welfare of pork producers and persons concerned with producing and marketing of pork and pork products; and

(B) the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce;

(6) pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(7) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United

States and replaced domestic pork and pork products in normal channels of trade.

(b)(1) It is the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through adequate assessments, and carrying out an effective and coordinated program of promotion, research, and consumer information designed to—

(A) strengthen the position of the pork industry in the marketplace; and

(B) maintain, develop, and expand markets for pork and pork products.

(2) Such procedure shall be implemented, and such program shall be conducted, at no cost to the Federal Government.

(3) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products; or

(C) otherwise limit the right of an individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 1613. For purposes of this subtitle:

(1) The term "Board" means the National Pork Board established under section 1619.

(2) The term "consumer information" means an activity intended to broaden the understanding of sound nutritional attributes of pork or pork products, including the role of pork or pork products in a balanced, healthy diet.

(3) The term "Delegate Body" means the National Pork Producers Delegate Body established under section 1617.

(4) The term "imported" means entered, or withdrawn from a warehouse for consumption, in the customs territory of the United States.

(5) The term "importer" means a person who imports porcine animals, pork, or pork products into the United States.

(6) The term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1614.

(7) The term "person" means an individual, group of individuals, partnership, corporation, association, organization, cooperative, or other entity.

(8) The term "porcine animal" means a swine raised for—

(A) feeder pigs;

(B) seedstock; or

(C) slaughter.

(9) The term "pork" means the flesh of a porcine animal.

(10) The term "pork product" means a product produced or processed in whole or in part from pork.

(11) The term "producer" means a person who produces porcine animals in the United States for sale in commerce.

(12) The term "promotion" means an action, including paid advertising, taken to present a favorable image for porcine animals, pork, or pork products to the public with the intent of im-

proving the competitive position and stimulating sales of porcine animals, pork, or pork products.

(13) The term "research" means—

(A) research designed to advance, expand, or improve the image, desirability, nutritional value, usage, marketability, production, or quality of porcine animals, pork, or pork products; or

(B) dissemination to a person of the results of such research.

(14) The term "Secretary" means the Secretary of Agriculture.

(15) The term "State" means each of the 50 States.

(16) The term "State association" means—

(A) the single organization of pork producers in a State that is—

(i) organized under the laws of the State in which such association operates; and

(ii) recognized by the chief executive officer of such State as representing the pork producers of such State; or

(B) if such organization does not exist on the effective date of this subtitle, an organization that represents not fewer than 50 pork producers who market annually, in the aggregate, not less than 10 percent of the volume (measured in pounds) of porcine animals marketed in such State.

(17) The term "to market" means to sell or to otherwise dispose of a porcine animal, pork, or pork product in commerce.

PORK AND PORK PRODUCT ORDERS

SEC. 1614. (a) To carry out this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, amend orders applicable to persons engaged in—

(1) the production and sale of porcine animals, pork, and pork products in the United States; and

(2) the importation of porcine animals, pork, or pork products into the United States.

(b) The Secretary may issue such regulations as are necessary to carry out this subtitle.

NOTICE AND HEARING

SEC. 1615. During the period beginning on the effective date of this subtitle and ending 30 days after receipt of a proposal for an initial order submitted by any person affected by this subtitle, the Secretary shall—

(1) publish such proposed order; and

(2) give due notice of and opportunity for public comment on such proposed order.

FINDINGS AND ISSUANCE OF ORDERS

SEC. 1616. (a) After notice and opportunity for public comment have been provided in accordance with section 1615, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that the issuance of such order and all terms and conditions thereof will assist in carrying out this subtitle.

(b) Not more than one order may be in effect at a time.

(c) An order shall become effective on a date that is not more than 90 days following the publication of such order.

(d) An order shall contain such terms and conditions as are required in sections 1617 through 1620 and, except as provided in section 1621, no others.

NATIONAL PORK PRODUCERS DELEGATE BODY

SEC. 1617. (a) The order shall provide for the establishment and appointment by the Secretary, not later than 60 days after the effective date of such order, of a National Pork Producers Delegate Body.

(b)(1) The Delegate Body shall consist of—

(A) producers, as appointed by the Secretary in accordance with paragraph (2), from nominees submitted as follows:

(i) in the case of the initial Delegate Body appointed by each State in accordance with section 1618.

(ii) in the case of each succeeding Delegate Body, each State association shall submit nominations selected by such association pursuant to a selection process that—

(I) is approved by the Secretary;

(II) requires public notice of the process to be given at least one week in advance by publication in a newspaper or newspaper of general circulation in such State and in pork production and agriculture trade publications; and

(III) that provides complete and equal access to the nominating process to every producer who has paid all assessments due under section 1620 and not demanded a refund under section 1624,

or pursuant to an election of nominees conducted in accordance with section 1618.

(iii) In the case of a State that has a State association that does not submit nominations or that does not have a State association, such State shall submit nominations in a manner prescribed by the Secretary; and

(B) importers, as appointed by the Secretary in accordance with paragraph (3).

(2) The number of producer members appointed to the Delegate Body from each State shall equal at least two members, and additional members, allocated as follows:

(A) Shares shall be assigned to each State—

(i) for the 1986 calendar year, on the basis of one share for each $400,000 of farm market value of porcine animals marketed from such State (as determined by the Secretary based on the annual average of farm market value in the most recent 3 calendar years preceding such year), rounded to the nearest $400,000; and

(ii) for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds under section 1624) in such State from persons described in section 1620(a)(1) (A) and (B), rounded to the nearest $1,000.

(B) If during a calendar year the number of such shares of a State is—

(i) less than 301, the State shall receive a total of two producer members;

(ii) more than 300 but less than 601, the State shall receive a total of three producer members;

(iii) more than 600 but less than 1,001, the State shall receive a total of four producer members; and

(iv) more than 1,000, the State shall receive four producer members, plus one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300.

(3) The number of importer members appointed to the Delegate Body shall be determined as follows:

(A) Shares shall be assigned to importers—

(i) for the 1986 calendar year, on the basis of one share for each $575,000 of market value of marketed porcine animals, pork, or pork products (as determined by the Secretary based on the annual average of imports in the most recent 3 calendar years preceding such year), rounded to the nearest $575,000; and

(ii) for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds under section 1624) from importers, rounded to the nearest $1,000.

(B) The number of importer members appointed to the Delegate Body shall equal a total of—

(i) three members for the first 1,000 such shares; and

(ii) one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300.

(c)(1) A producer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to—

(A) the number of shares attributable to the State of the member; divided by

(B) the number of producer members from such State.

(2) An importer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to—

(A) the number of shares allocated to importers; divided by

(B) the number of importer members.

(3) Members entitled to cast a majority of the votes (including fractions thereof) on the Delegate Body shall constitute a quorum.

(4) A majority of the votes (including fractions thereof) cast at a meeting at which a quorum is present shall be decisive of a motion or election presented to the Delegate Body for a vote.

(d) A member of the Delegate Body shall serve for a term of 1 year, except that the term of a member of the Delegate Body shall continue until the successor of such member, if any, is appointed in accordance with subsection (b)(1).

(e)(1) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote.

(2) At each annual meeting thereafter, the President of the Board shall serve as the Chairman of the Delegate Body.

(f) A member of the Delegate Body shall serve without compensation, but may be reimbursed by the Board from assessments collected under section 1620 for transportation expenses incurred in performing duties as a member of the Delegate Body.

(g)(1) The Delegate Body shall—

(A) nominate—

(i) not less than 23 persons for appointment to the Board, for the first year for which nominations are made; and

(ii) not less than 1½ persons (rounded up to the nearest person) for each vacancy in the Board that requires nominations thereafter; and

(B) submit such nominations to the Secretary.

(2) The Delegate Body shall meet annually to make such nominations.

(3) A majority of the Delegate Body shall vote in person in order to nominate members to the Board.

(h) The Delegate Body shall—

(1) recommend the rate of assessment prescribed by the initial order and any increase in such rate pursuant to section 1620(5); and

(2) determine the percentage of the aggregate amount of assessments collected in a State that each State association shall receive under section 1620(c)(1).

SELECTION OF DELEGATE BODY

SEC. 1618. (a)(1) Not later than 30 days after the effective date of the order, the Secretary shall call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body.

(2) Each State association may nominate producers who are residents of such State to serve as such candidates.

(3)(A) Additional producers who are residents of a State may be nominated as candidates of such State by written petition signed by 100 producers or 5 percent of the pork producers in such State, whichever is less.

The Secretary shall establish and publicize the procedures governing the time and place for filing petitions.

(b)(1) After the Secretary has received the nominations required under subsection (a) and not later than 45 days after the effective date of the order, the Secretary shall call for an election within each State of persons for appointment as producer members of the initial Delegate Body.

(2) To be eligible to vote in an election held in a State, a person must be a producer who is a resident of such State.

(3)(A) Notice of each such election shall be given by the Secretary—

(i) by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications, at least 1 week prior to the election; and

(ii) in any other reasonable manner determined by the Secretary.

(B) The notice shall set forth the period of time and places for voting and such other information as the Secretary considers necessary.

(4) Each State shall nominate to the Delegate Body the number of producer members required under section 1617(b)(2)(B).

(5) The producers who receive the highest number of votes in each State shall be nominated for appointment as members of the Delegate Body from such State.

(c)(1) Except as provided in paragraph (3), after the election of the producer members of the initial Delegate Body, the Board shall administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary and in accordance with subsections (a)(3) and (b).

(2) The Board shall determine the timing of an election referred to in paragraph (1).

(3) To be eligible to vote in such an election in a State, a person must—

(A) be a producer who is a resident of such State;

(B) have paid all assessments due under section 1620; and

(C) not demanded a refund of an assessment under section 1624.

(d)(1) Prior to the expiration of the term of any producer member of the Delegate Body, the Board shall appoint a nominating committee of producers who are residents of the State represented by such member.

(2) Such committee shall nominate producers of such State as candidates to fill the position for which an election is to be held.

(3) Additional producers who are residents of a State may be nominated to fill such positions in accordance with subsection (a)(3).

NATIONAL PORK BOARD

SEC. 1619. (a)(1) The order shall provide for the establishment and appointment by the Secretary of a 15-member National Pork Board.

(2) The Board shall consist of producers representing at least 12 States and importers appointed by the Secretary from nominations submitted under section 1617(g).

(3) The Board shall consist of producers or importers appointed by the Secretary from nominations submitted under section 1617(g).

(4) A member of the Board shall serve for a 3-year term, with no such member serving more than two consecutive 3-year terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms, except that the term of a member of the Board shall continue until the successor of such member, if any, is appointed in accordance with paragraph (2).

(5) The Board shall select its President by a majority vote.

(6)(A) A majority of the members of the Board shall constitute a quorum at a meeting of the Board.

(B) A majority of votes cast at a meeting at which a quorum is present shall determine a motion or election.

(7) A member of the Board shall serve without compensation, but shall be reimbursed by the Board from assessments collected under

section 1620 for reasonable expenses incurred in performing duties as a member of the Board.

(b)(1) The Board shall—

(A) develop, at the initiative of the Board or other person, proposals for promotion, research, and consumer information plans and projects;

(B) submit such plans and projects to the Secretary for approval;

(C) administer the order, in accordance with the order and this subtitle;

(D) prescribe such rules as are necessary to carry out such order;

(E) receive, investigate, and report to the Secretary complaints of violations of such order;

(F) make recommendations to the Secretary with respect to amendments to such order; and

(G) employ a staff and conduct routine business.

(2) The Board shall prepare and submit to the Secretary, for the approval of the Secretary, a budget for each fiscal year of anticipated expenses and disbursements of the Board in the administration of the order, including the projected cost of—

(A) any promotion, research or consumer information plan or project to be conducted by the Board directly or by way of contract or agreement; and

(B) the budgets, plans, or projects for which State associations are to receive funds pursuant to section 1620(c)(1).

(3) No plan, project, or budget referred to in paragraph (1) or (2) may become effective unless approved by the Secretary.

(4)(A) The Board, with the approval of the Secretary, may enter into contracts or agreements with a person for—

(i) the development and conduct of activities authorized under an order; and

(ii) the payment of the cost thereof with funds collected through assessments under such order.

(B) Such contract or agreement shall require that—

(i) the contracting party develop and submit to the Board a plan or project, together with a budget or budgets that include the estimated cost to be incurred under such plan or project;

(ii) such plan or project become effective on the approval of the Secretary; and

(iii) the contracting party—

(I) keep accurate records of all relevant transactions of the party;

(II) make periodic reports to the Board of—

(aa) relevant activities the party has conducted; and

(bb) an accounting for funds received and expended under such contract; and

(III) make such other reports as the Secretary or Board may require.

ASSESSMENTS

SEC. 1620. (a)(1) The order shall provide that, not later than 30 days after the effective date of the order under section 1616(c) an as-

sessment shall be paid, in the manner prescribed in the order. Upon the appointment of the Board, the assessments held in escrow shall be distributed to the Board. Except as provided in paragraph (3), assessments shall be payable by—

(A) each producer for each porcine animal described in subparagraph (A) or (C) of section 1613(8) produced in the United States that is sold or slaughtered for sale;

(B) each producer for each porcine animal described in subsection 1613(8)(B) that is sold; and

(C) each importer for each porcine animal, pork, or pork product that is imported into the United States.

(2) Such assessment shall be collected and remitted to the Board once it is appointed pursuant to section 1619, but, until that time, to the Secretary, who shall promptly proceed to distribute the funds received by him in accordance with the provisions of subsection (c), except that the Secretary shall retain the funds to be received by the Board until such time as the Board is appointed pursuant to section 1619, by—

(A) in the case of subparagraph (A) of paragraph (1), the purchaser of the porcine animal referred to in such subparagraph;

(B) in the case of subparagraph (B) of paragraph (1), the producer of the porcine animal referred to in such subparagraph; and

(C) in the case of subparagraph (C) of paragraph (1), the importer referred to in such subparagraph.

(3) A person is not required to pay an assessment for a porcine animal, pork, or pork product under paragraph (1) if such person proves to the Board that an assessment was paid previously under such paragraph by a person for such porcine animal (of the same category described in subparagraph (A), (B), or (C) of section 1613(8)), pork, or pork product.

(b)(1) Except as provided in paragraph (2), the rate of assessment prescribed by the initial order shall be the lesser of—

(A) 0.25 percent of the market value of the porcine animal, pork, or pork product sold or imported; or

(B) an amount established by the Secretary based on a recommendation of the Delegate Body.

(2) Except as provided in paragraph (3), the rate of assessment in the initial order may be increased by not more than 0.1 percent per year on recommendation of the Delegate Body.

(3) The rate of assessment may not exceed 0.50 percent of such market value unless—

(A) after the initial referendum required under section 1622(a), the Delegate Body recommends an increase in such rate above 0.50 percent; and

(B) such increase is approved in a referendum conducted under section 1622(b).

(4)(A) Pork or pork products imported into the United States shall be assessed based on the equivalent value of the live porcine animal from which such pork or pork products were produced, as determined by the Secretary.

(B) The Secretary may waive the collection of assessments on a type of such imported pork or pork products if the Secretary determines that such collection is not practicable.

(c) Funds collected by the Board from assessments collected under this section shall be distributed and used in the following manner:

(1)(A) Each State association, shall receive an amount of funds equal to the product obtained by multiplying—

(i) the aggregate amount of assessments attributable to porcine animals produced in such State by persons described in subsection (a)(1)(A) and (B) minus that State's share of refunds determined pursuant to paragraph (4) by such persons pursuant to section 1624; and

(ii) a percentage applicable to such State association determined by the Delegate Body, but in no event less than sixteen and one-half percent, or

(B) in the case of a State association that was conducting a pork promotion program in the period from July 1, 1984, to June 30, 1985, if greater than (A) an amount of funds equal to the amount of funds that would have been collected in such State pursuant to the pork promotion program in existence in such State from July 1, 1984, to June 30, 1985, had the porcine animals, subject to assessment and to which no refund was received in such State in each year following the enactment of this Act, been produced from July 1, 1984, to June 30, 1985, and been subject to the rates of assessments then in effect and the rate of return then in effect from each State to the Council described in paragraph (2)(A), and other national entities involved in pork promotion, research and consumer information.

(C) A State association shall use such funds and any proceeds from the investment of such funds for financing—

(i) promotion, research, and consumer information plans and projects, and

(ii) administrative expenses incurred in connection with such plans and projects.

(2)(A) The National Pork Producers Council, a nonprofit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, shall receive an amount of funds equal to—

(i) 37½ percent of the aggregate amount of assessments collected under this section throughout the United States from the date assessment commences pursuant to subsection (a)(1) until the first day of the month following the month in which the Board is appointed pursuant to section 1619.

(ii) 35 percent thereafter until the referendum is conducted pursuant to section 1622,

(iii) 25 percent until twelve months after the referendum is conducted, and

(iv) no funds thereafter except in so far as it obtains such funds from the Board pursuant to section 1619 or 1620, each of which amounts determined under (i), (ii), and (iii) shall be less the Council's share of refunds determined pursuant to paragraph (4).

(B) The Council shall use such funds and proceeds from the investment of such funds for financing—

(i) promotion, research, and consumer information plans and projects, and

(ii) administrative expenses of the Council.

(3)(A) The Board shall receive the amount of funds that remain after the distribution required under paragraphs (1) and (2).

(B) The Board shall use such funds and any proceeds from the investment of such funds pursuant to subsection (g) for—

(i) financing promotion, research, and consumer information plans and projects in accordance with this title;

(ii) such expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary;

(iii) accumulation of a reasonable reserve to permit an effective promotion, research, and consumer information program to continue in years when the amount of assessments may be reduced; and

(iv) administrative costs incurred by the Secretary to carry out this title, including any expenses incurred for the conduct of a referendum under this title.

(4)(A) Each State's share of refunds shall be determined by multiplying the aggregate amount of refunds received by producers in such State by the percentage applicable to such State pursuant to paragraph (1)(A)(ii).

(B) The National Pork Producers' Council's share of refunds shall be determined by multiplying its applicable percent of the aggregate amount of assessments by the product of—

(i) subtracting from the aggregate amount of refunds received by all producers the aggregate amount of State share or refunds in every State determined pursuant to subparagraph (A), and

(ii) adding to that sum the aggregate amount of refunds received by importers.

(d) No promotion funded with assessments collected under this subtitle may make—

(1) a false or misleading claim on behalf of pork or a pork product; or

(2) a false or misleading statement with respect to an attribute or use of a competing product.

(e) No funds collected through assessments authorized by this section may, in any manner, be used for the purpose of influencing legislation, as defined in sections 4911 (d) and (e)(2) of the Internal Revenue Code of 1954.

(f) The Board shall—

(1) maintain such books and records, and prepare and submit to the Secretary such reports from time to time, as may be required by the Secretary for appropriate accounting of the receipt and disbursement of funds entrusted to the Board or a State association, as the case may be; and

(2) cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(g) The Board, with the approval of the Secretary, may invest funds collected through assessments authorized under this section, pending disbursement for a plan or project, only in—

(1) an obligation of the United States, or of a State or political subdivision thereof;

(2) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(3) an obligation fully guaranteed as to principal and interest by the United States.

PERMISSIVE PROVISIONS

SEC. 1621. (a) On the recommendation of the Board, and with the approval of the Secretary, an order may contain one or more of the following provisions:

(1) Each person purchasing a porcine animal from a producer for commercial use, and each importer, shall—

(A) maintain and make available for inspection such books and records as may be required by the order; and

(B) file reports at the time, in the manner, and having the content prescribed by the order,

including documentation of the State of origin of a purchased porcine animal or the place of origin of an imported porcine animal, pork, or pork product.

(2) A term or condition—

(A) incidental to, and not inconsistent with, the terms and conditions specified in this subtitle; and

(B) necessary to effectuate the other provisions of such order.

(b)(1) Information referred to in subsection (a)(1) shall be made available to the Secretary and the Board as is appropriate or necessary for the effectuation, administration, or enforcement of this subtitle or an order.

(2)(A) Except as provided in subparagraphs (B) and (C), information obtained under subsection (a)(1) shall be kept confidential by officers or employees of the Department of Agriculture or the Board.

(B) Such information may be disclosed only—

(i) in a suit or administrative hearing involving the order with respect to which the information was furnished or acquired—

(I) brought at the direction or on the request of the Secretary; or

(II) to which the Secretary or an officer of the United States is a party; and

(ii) if the Secretary considers such information to be relevant to such suit or hearing.

(C) Nothing in this section prohibits—

(i) the issuance of a general statement based on the reports of a number of persons subject to an order, or statistical data collected therefrom, if such statement or data does not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating an order, together with a statement of the particular provisions of the order violated by such person.

(c) A person who willfully violates subsection (a)(1) or (b) shall, on conviction, be—

(1) subject to a fine of not more than $1,000 or imprisoned for not more than 1 year, or both; and

(2) if such person is an employee of the Department of Agriculture or the Board, removed from office.

REFERENDUM

SEC. 1622. (a) For the purpose of determining whether an order then in effect shall be continued during the period beginning not earlier than 24 months after the issuance of the order and ending not later than 30 months after the issuance of the order, the Secretary shall conduct a referendum among persons who have been pork producers and importers during a representative period, as determined by the Secretary.

(b)(1) Such order shall be continued only if the Secretary determines that such order has been approved by not less than a majority of the producers and importers voting in the referendum.

(2) If the continuation of such order is not approved by a majority of the producers and importers voting in the referendum, the Secretary shall terminate—

(A) collection of assessments under the order not later than 6 months after the date of such determination; and

(B) the order in an orderly manner as soon as practicable after the date of such determination.

(c) The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred in connection with a referendum conducted under this section or section 1623.

(d) A referendum shall be conducted in such manner as prescribed by the Secretary.

(e) A referendum to amend the initial order shall be conducted pursuant to this section.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 1623. (a) If after the initial referendum provided for in section 1622(a) the Secretary determines that an order, or a provision of the order, obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of such order or provision.

(b)(1)(A) Except as provided in paragraph (2), after the initial referendum provided for in section 1622(a), on the request of a number of persons equal to at least 15 percent of persons who have been producers and importers during a representative period, as determined by the Secretary, the Secretary shall conduct a referendum to determine whether the producers and importers favor the termination or suspension of the order.

(B) The Secretary shall—

(i) suspend or terminate collection of assessments under the order not later than 6 months after the date the Secretary determines that suspension or termination of the order is favored by a majority of the producers and importers voting in the referendum; and

(ii) terminate the order in an orderly manner as soon as practicable after the date of such determination.

(2) Except with respect to a referendum required to be conducted under section 1622, the Secretary shall not be required by paragraph

(1) to conduct more than one referendum under this subtitle in a 2-year period.

(c) The termination or suspension of an order, or a provision of an order, shall not be considered an order within the meaning of this subtitle.

REFUNDS

SEC. 1624. (a) Notwithstanding any other provision of this subtitle, prior to the approval of the continuation of an order pursuant to the referendum required under section 1622(a), any person shall have the right to demand and receive from the Board a refund of an assessment collected under section 1620 if such person—

(1) is responsible for paying such assessment; and

(2) does not support the program established under this subtitle.

(b) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board and approved by the Secretary, but not later than 30 days after the end of the month in which the assessment was paid.

(c) Such refund shall be made not later than 30 days after demand is received therefore on submission of proof satisfactory to the Board that the producer, person, or importer—

(1) paid the assessment for which refund is sought; and

(2) did not collect such assessment from another producer, person, or importer.

PETITION AND REVIEW

SEC. 1625. (a)(1) A person subject to an order may file with the Secretary a petition—

(A) stating that such order, a provision of such order, or an obligation imposed in connection with such order is not in accordance with law; and

(B) requesting a modification of such order or an exemption from such order.

(2) Such person shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) After such hearing, the Secretary shall make a determination granting or denying such petition.

(b)(1) A district court of the United States in the district in which such person resides or does business shall have jurisdiction to review such determination if a complaint for such purpose is filed not later than 20 days after the date such person receives notice of such determination.

(2) Service of process in such proceeding may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(3) If a court determines that such determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions to—

(A) make such ruling as the court shall determine to be in accordance with law; or

(B) take such further proceedings as, in the opinion of the court, the law requires.

ENFORCEMENT

SEC. 1626. (a)(1) A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain a person from violating an order, rule, or regulation issued under this subtitle.

(2) A civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this subtitle if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by providing a suitable written notice or warning to a person who committed such violation or by administrative action under subsection (b).

(b)(1)(A) A person who willfully violates an order, rule, or regulation issued by the Secretary under this subtitle may be assessed—

(i) a civil penalty by the Secretary of not more than $1,000 for each such violation; and

(ii) in the case of a willful failure to pay, collect, or remit an assessment as required by an order, an additional penalty equal to the amount of such assessment.

(B) Each such violation shall be a separate offense.

(C) In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation.

(D) No penalty may be assessed or cease-and-desist order issued unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation.

(E) An order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2)(A) A person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business, or in the United States Court of Appeals for the District of Columbia Circuit, by—

(i) filing a notice of appeal in such court not later than 30 days after the date of such order; and

(ii) simultaneously sending a copy of such notice by certified mail to the Secretary.

(B) The Secretary shall file promptly in such court a certified copy of the record on which such violation was found.

(C) A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(3)(A) A person who fails to obey a valid cease-and-desist order issued under paragraph (1) by the Secretary, after an opportunity for a hearing, shall be subject to a civil penalty assessed by the Secretary of not more than $500 for each offense.

(B) Each day during which such failure continues shall be considered a separate violation of such order.

(4)(A) If a person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter

to the Attorney General for recovery of the amount assessed in an appropriate district court of the United States.

(B) In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS

SEC. 1627. (a) The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; or

(2) to determine whether a person subject to this subtitle has engaged, or is about to engage, in an act that constitutes, or will constitute, a violation of this subtitle or an order, rule, or regulation issued under this subtitle.

(b)(1) For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry.

(2) Such attendance of witnesses and the production of such records may be required from any place in the United States.

(c)(1) In the case of contumacy, or refusal to obey a subpoena, by a person, the Secretary may invoke the aid of a court of the United States with jurisdiction over such investigation or proceeding, or where such person resides or does business, in requiring the attendance and testimony of such person and the production of such records.

(2) The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation.

(3) A failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof.

(4) Process in such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

PREEMPTION

SEC. 1628. (a) This subtitle is intended to occupy the field of—

(1) promotion and consumer education involving pork and pork products; and

(2) obtaining funds therefor from pork producers.

(b) The regulation of such activity (other than a regulation or requirement relating to a matter of public health or the provision of State or local funds for such activity) that is in addition to or different from this subtitle may not be imposed by a State.

(c) This section shall apply only during a period beginning on the date of the commencement of the collection of assessments under section 1620 and ending on the date of the termination of the collection of assessments under section 1622(a)(3) or 1622(b)(1)(B).

ADMINISTRATIVE PROVISION

SEC. 1629. The provisions of this subtitle applicable to orders shall be applicable to amendments to orders.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1630. (a) There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Board under section 1620(c)(3)(B)(iv).

(b) Sums appropriated to carry out this subtitle shall not be available for payment of an expense or expenditure incurred by the Board in administering an order.

EFFECTIVE DATE

SEC. 1631. This subtitle shall become effective on January 1, 1986.

Subtitle C—Watermelon Research and Promotion Act

SHORT TITLE

SEC. 1641. This subtitle may be cited as the "Watermelon Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 1642. (a) Congress finds that—

(1) the per capita consumption of watermelons in the United States has declined steadily in recent years;

(2) watermelons are an important cash crop to many farmers in the United States and are an economical, enjoyable, and healthful food for consumers;

(3) approximately 2,607,600,000 pounds of watermelons with a farm value of $158,923,000 were produced in 1981 in the United States;

(4) watermelons move in the channels of interstate commerce, and watermelons that do not move in such channels directly affect interstate commerce;

(5) the maintenance and expansion of existing markets and the establishment of new or improved markets and uses for watermelons are vital to the welfare of watermelon growers and those concerned with marketing, using, and handling watermelons, as well as the general economic welfare of the Nation; and

(6) the development and implementation of coordinated programs of research, development, advertising, and promotion are necessary to maintain and expand existing markets and establish new or improved markets and uses for watermelons.

(b) It is declared to be the policy of Congress that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the development, financing (through adequate assessments on watermelons harvested in the United States for commercial use), and carrying out of an effective, continuous, and coordinated program of research, development, advertising, and promotion designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic and foreign

markets for watermelons produced in the United States. The purpose of this subtitle is to so authorize the establishment of such procedure and the development, financing, and carrying out of such program. Nothing in this subtitle may be construed to dictate quality standards nor provide for the control of production or otherwise limit the right of individual watermelon producers to produce watermelons.

DEFINITIONS

SEC. 1643. As used in this subtitle—

(1) the term "Secretary" means the Secretary of Agriculture;

(2) the term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or other entity;

(3) the term "watermelon" means all varieties of watermelon grown by producers in the forty-eight contiguous States of the United States;

(4) the term "handler" means any person (except a common or contract carrier of watermelons owned by another person) who handles watermelons in a manner specified in a plan issued under this subtitle or in regulations promulgated thereunder;

(5) the term "producer" means any person engaged in the growing of five or more acres of watermelons;

(6) the term "promotion" means any action taken by the Board, under this subtitle, to present a favorable image for watermelons to the public with the express intent of improving the competitive position of watermelons in the marketplace and stimulating sales of watermelons, and shall include, but not be limited to, paid advertising; and

(7) the term "Board" means the National Watermelon Promotion Board provided for in section 1644.

ISSUANCE OF PLANS

SEC. 1644. To effectuate the declared policy of this subtitle, the Secretary shall, under the provisions of this subtitle, issue, and from time to time may amend, orders (applicable to producers and handlers of watermelons) authorizing the collection of assessments on watermelons under this subtitle and the use of such funds to cover the costs of research, development, advertising, and promotion with respect to watermelons under this subtitle. Any order issued by the Secretary under this subtitle shall hereinafter in this subtitle be referred to as a "plan". Any plan shall be applicable to watermelons produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARINGS

SEC. 1645. (a) When sufficient evidence, as determined by the Secretary, is presented to the Secretary by watermelon producers and handlers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this subtitle, the Secretary shall give due notice and opportunity for a hearing on a proposed plan. Such hearing may be requested by watermelon producers or handlers or by any other interested person, including the

Secretary, when the request for such hearing is accompanied by a proposal for a plan.

(b) After notice and opportunity for hearing as provided in subsection (a) of this section, the Secretary shall issue a plan if the Secretary finds, and sets forth in such plan, on the evidence introduced at the hearing that the issuance of the plan and all the terms and conditions thereof will tend to effectuate the declared policy of this subtitle.

REGULATIONS

SEC. 1646. The Secretary may issue such regulations as may be necessary to carry out the provisions of this subtitle and the powers vested in the Secretary under this subtitle.

REQUIRED TERMS IN PLANS

SEC. 1647. (a) Any plan issued under this subtitle shall contain the terms and provisions described in this section.

(b) The plan shall provide for the establishment by the Secretary of the National Watermelon Promotion Board and for defining its powers and duties, which shall include the powers to—

(1) administer the plan in accordance with its terms and conditions;

(2) make rules and regulations to effectuate the terms and conditions of the plan;

(3) receive, investigate, and report to the Secretary complaints of violations of the plan; and

(4) recommend to the Secretary amendments to the plan.

(c) The plan shall provide that the Board shall be composed of representatives of producers and handlers, and one representative of the public, appointed by the Secretary from nominations submitted in accordance with this subsection. An equal number of representatives of producers and handlers shall be nominated by producers and handlers, and the representative of the public shall be nominated by the producer and handler members of the Board, in such manner as may be prescribed by the Secretary. If producers and handlers fail to select nominees for appointment to the Board, the Secretary may appoint persons on the basis of representation as provided for in the plan. If the Board fails to nominate a public representative, the Secretary shall choose such representative for appointment.

(d) The plan shall provide that all Board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the Board.

(e) The plan shall provide that the Board shall prepare and submit to the Secretary for the Secretary's approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(f) The plan shall provide for the fixing by the Secretary of assessments to cover costs incurred under the budgets provided for in subsection (e), and under section 1648(f), based on the Board's recommendation as to the appropriate rate of assessment, and for the collection of the assessments by the Board.

(g) The plan shall provide that—

(1) funds collected by the Board shall be used for research, development, advertising, or promotion of watermelons and such other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any referendum and administrative costs incurred by the Department of Agriculture under this subtitle;

(2) no advertising or sales promotion program under this subtitle shall make any reference to private brand names nor use false or unwarranted claims in behalf of watermelons or their products or false or unwarranted statements with respect to attributes or use of any competing products;

(3) no funds collected by the Board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsections (b)(4) and (f); and

(4) assessments shall be made on watermelons produced by producers and watermelons handled by handlers, and the rate of such assessments shall be the same, on a per-unit basis, for producers and handlers. If a person performs both producing and handling functions, both assessments shall be paid by such person.

(h) The plan shall provide that, notwithstanding any other provisions of this subtitle, any watermelon producer or handler against whose watermelons an assessment is made and collected under this subtitle and who is not in favor of supporting the research, development, advertising, and promotion program provided for under this subtitle shall have the right to demand a refund of the assessment from the Board, under regulations, and on a form and within a time period (not less than 90 days), prescribed by the Board and approved by the Secretary. A producer or handler who timely makes demand in accord with the regulations, on submission of proof satisfactory to the Board that the producer or handler paid the assessment for which the refund is sought, shall receive such refund within 60 days after demand therefor.

(i) The plan shall provide that the Board, subject to the provisions of subsections (e), (f), and (g), shall develop and submit to the Secretary, for the Secretary's approval, any research, development, advertising, or promotion program or project, and that a program or project must be approved by the Secretary before becoming effective.

(j) The plan shall provide the Board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research, development, advertising, or promotion programs or projects, and the payment of the cost thereof with funds collected under this subtitle.

(k) The plan shall provide that the Board shall (1) maintain books and records, (2) prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it, and (3) cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

PERMISSIVE TERMS IN PLANS

SEC. 1648. (a) Any plan issued under this subtitle may contain one or more of the terms and provisions described in this section, but except as provided in section 1647 no others.

(b) The plan may provide for the exemption, from the provisions of the plan, of watermelons used for nonfood uses, and authority for the Board to establish satisfactory safeguards against improper use of such exemption.

(c) The plan may provide for the designation of different handler payment and reporting schedules with respect to assessments, as provided for in sections 1647 and 1649, to recognize differences in marketing practices and procedures used in different production areas.

(d) The plan may provide for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and other sales promotion of watermelons and for the disbursement of necessary funds for such purposes. Any such program or project shall be directed toward increasing the general demand for watermelons, and promotional activities shall comply with the provisions of section 1647(g).

(e) The plan may provide for establishing and carrying out research and development projects and studies to the end that the marketing and use of watermelons may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(f) The plan may provide authority for the accumulation of reserve funds from assessments collected under this subtitle, to permit an effective and continuous coordinated program of research, development, advertising, and promotion in years when watermelon production and assessment income may be reduced, except that the total reserve fund may not exceed the amount budgeted for two years operation.

(g) The plan may provide for the use of funds from assessments collected under this subtitle, with the approval of the Secretary, for the development and expansion of sales of watermelons in foreign markets.

(h) The plan may contain terms and conditions incidental to and not inconsistent with the terms and conditions specified in this subtitle and necessary to effectuate the other provisions of the plan.

ASSESSMENT PROCEDURES

SEC. 1649. (a) Each handler required to pay assessments under a plan, as provided for under section 1647(f), shall be responsible for payment to the Board, as it may direct, of the assessments. A handler also shall collect from any producer, or shall deduct from the proceeds paid to any producer, on whose watermelons a producer assessment is made, the assessments required to be paid by the producer. The handler shall remit producer assessments to the Board as the Board directs. Such handler shall maintain a separate record with respect to each producer for whom watermelons were handled. Such records shall indicate the total quantity of watermelons handled by the handler, including those handled for producers and for the handler, the total quantity of watermelons handled by the handler that are included under the terms of the plan, as well as those

that are exempt under the plan, and such other information as may be prescribed by the Board. To facilitate the collection and payment of assessments, the Board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures used in any State or area. The handler shall be assessed an equal amount as the producer. No more than one assessment on a producer nor more than one assessment on a handler shall be made on any watermelons.

(b) Handlers responsible for payment of assessments under subsection (a) shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the Board and to the Secretary that is appropriate or necessary to the effectuation, administration, or enforcement of this subtitle or of any plan or regulation issued under this subtitle.

(c) All information obtained under subsections (a) and (b) shall be kept confidential by all officers and employees of the Department of Agriculture and of the Board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or on the request, of the Secretary, or to which the Secretary or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this subsection shall be deemed to prohibit—

(1) the issuance of general statements based on the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person; or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 1650. (a) Any person subject to a plan may file a written petition with the Secretary, stating that the plan or any provision of the plan, or any obligation imposed in connection therewith, is not in accordance with law and praying for a modification thereof or to be exempted therefrom. The person shall be given an opportunity for a hearing on the petition, in accordance with regulations prescribed by the Secretary. After the hearing, the Secretary shall make a ruling on the petition, which shall be final if in accordance with the law.

(b) The district courts of the United States in any district in which the person is an inhabitant, or in which the person's principal place of business is located, are hereby vested with jurisdiction to review such ruling, provided that a complaint for that purpose is filed within twenty days from the date of the entry of the ruling.

Service of process in such proceedings may be had on the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that the ruling is not in accordance with law, it shall remand the proceedings to the Secretary with directions either to (1) make such ruling as the court shall determine to be in accordance with law, or (2) take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted under subsection (a) shall not impede or delay the United States or the Secretary from obtaining relief under section 1851(a).

ENFORCEMENT

SEC. 1651. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any plan or regulation made or issued under this subtitle. The facts relating to any civil action that may be brought under this subsection shall be referred to the Attorney General for appropriate action, except that nothing in this subtitle shall be construed as requiring the Secretary to refer to the Attorney General violations of this subtitle whenever the Secretary believes that the administration and enforcement of the plan or regulation would be adequately served by administrative action under subsection (b) or suitable written notice or warning to any person committing the violations.

(b)(1) Any person who violates any provision of any plan or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee required of the person thereunder, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation. No penalty shall be assessed nor cease and desist order issued unless the person is given notice and opportunity for a hearing before the Secretary with respect to the violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the person affected by the order files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days after the date of the order and by simultaneously sending a copy of the notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record on which the violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportu-

nity for a hearing and for judicial review under the procedures specified in paragraphs (1) and (2), of not more than $500 for each offense. Each day during which the failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 1652. (a) The Secretary may make such investigations as the Secretary deems necessary to carry out effectively the Secretary's responsibilities under this subtitle or to determine whether a handler or any other person has engaged or is engaging in any acts or practices that constitute a violation of any provision of this subtitle, or of any plan or regulation issued under this subtitle. For the purpose of an investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring the person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by the court as contempt thereof. All process in any such case may be served in the judicial district in which the person is an inhabitant or wherever the person may be found. The site of any hearing held under this subsection shall be within the judicial district in which the handler or other person is an inhabitant or in which the person's principal place of business is located.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based on, or growing out of, any alleged violation of this subtitle, or of any plan or regulation issued thereunder, on the grounds that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate the person or subject the person to a penalty or forfeiture. However, no person shall be prosecuted or subjected to any penalty or forfeiture on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed the person's privilege against self-incrimination, to testify or produce evidence,

documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 1653. The Secretary shall conduct a referendum among producers and handlers not exempt under sections 1643(5) and 1648(b) who, during a representative period determined by the Secretary, have been engaged in the production or handling of watermelons, for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers and handlers. The referendum shall be conducted at the county extension offices. No plan issued under this subtitle shall be effective unless the Secretary determines that the issuance of the plan is approved or favored by not less than two-thirds of the producers and handlers voting in such referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period by producers and handlers voting in such referendum, and by not less than a majority of the producers and a majority of the handlers voting in the referendum. The ballots and other information or reports that reveal or tend to reveal the vote of any producer or handler or the person's volume of watermelons produced or handled shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall be subject to the penalties provided in section 1649(c) of this subtitle.

SUSPENSION OR TERMINATION OF PLANS

SEC. 1654. (a) Whenever the Secretary finds that a plan or any provision thereof obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of the plan or provision.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of the Board or 10 per centum or more of the watermelon producers and handlers eligible to vote in a referendum, to determine if watermelon producers and handlers favor the termination or suspension of the plan. The Secretary shall terminate or suspend the plan at the end of the marketing year whenever the Secretary determines that the termination or suspension is favored by a majority of those voting in the referendum, and who produce or handle more than 50 per centum of the volume of the watermelons produced by the producers or handled by the handlers voting in the referendum. Any such referendum shall be conducted at county extension offices.

AMENDMENT PROCEDURE

SEC. 1655. The provisions of this subtitle applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 1656. If any provision of this subtitle or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this subtitle and the application of such provi-

sion to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1657. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this subtitle, except that the funds so appropriated shall not be available for the payment of any expenses or expenditures of the Board in administering any provision of any plan issued under authority of this subtitle.

Subtitle D—Marketing Orders

MAXIMUM PENALTY FOR ORDER VIOLATIONS

SEC. 1661. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

LIMITATION ON AUTHORITY TO TERMINATE MARKETING ORDERS

SEC. 1662. (a) Section 8c(16) of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) in subparagraph (A)—

(A) striking out "The Secretary" and inserting in lieu thereof "(i) Except as provided in clause (ii), the Secretary"; and

(B) adding at the end thereof the following:

"(ii) The Secretary may not terminate any order issued under this section for a commodity for which there is no Federal program established to support the price of such commodity unless the Secretary gives notice of, and a statement of the reasons relied upon by the Secretary for, the proposed termination of such order to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than 60 days before the date such order will be terminated."; and

(2) in subparagraph (C), striking out "The termination" and inserting in lieu thereof "Except as otherwise provided in this subsection with respect to the termination of an order issued under this section, the termination".

(b) The Secretary of Agriculture may not terminate any marketing order under section 8c(16) of the of the Agricultural Adjustment Act (7 U.S.C. 608c(16)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, if such termination becomes effective before January 16, 1986.

CONFIDENTIALITY OF INFORMATION

SEC. 1663. Section 8d(2) of the Agricultural Adjustment Act (7 U.S.C. 608d(2)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting in the first sentence after "pursuant to this section" the following: ", as well as information for marketing order programs that is categorized as trade secrets and commercial or financial information exempt under section 552(b)(4) of title 5 of the United States Code from disclosure under section 552 of such title,"; and

(2) inserting after the first sentence the following: "Notwithstanding the preceding sentence, any such information relating to a marketing agreement or order applicable to milk may be released upon the authorization of any regulated milk handler to whom such information pertains. The Secretary shall notify the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives not later than 10 legislative days before the contemplated release under law, of the names and addresses of producers participating in such marketing agreements and orders, and shall include in such notice a statement of reasons relied upon by the Secretary in making the determination to release such names and addresses.".

Subtitle E—Grain Inspection

GRAIN STANDARDS

SEC. 1671. Section 4 of the United States Grain Standards Act (7 U.S.C. 76) is amended by adding at the end thereof the following: "(c) If the Government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country.".

NEW GRAIN CLASSIFICATIONS

SEC. 1672. (a) The Secretary of Agriculture shall direct the Federal Grain Inspection Service and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications taking into account characteristics other than those visually evident.

(b) The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, semiannually, with the first report due not later than December 31, 1985, on the status of cooperative efforts required under subsection (a), as such efforts relate to more accurately classifying types of wheat and other grains currently in use.

STUDY OF GRAIN STANDARDS

SEC. 1673. (a)(1) The Office of Technology Assessment shall conduct a study of United States grain export quality standards and grain handling practices.

(2) The Office of Technology Assessment shall conduct such study—

(A) in consultation with the Secretary of Agriculture; and

(B) in accordance with Section 3(d) of Technology Assessment Act of 1972 (2 U.S.C. 472(d)).

(b) In conducting such study, the Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling practices rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports; and

(3) perform a comparative analysis between—

(A) the grain quality standards and practices of the United States and the major grain export competitors of the United States;

(B) the grain handling technology of the United States and the major grain export competitors of the United States;

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation, to requirements that—

(A) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(B) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(C) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent; and

(5) evaluate the current method of establishing grain classification, the feasibility of utilizing new technology to correctly classify grains, and the impact of new seed varieties on exports and users of grain.

(c) Not later than December 1, 1986, the Office of Technology Assessment shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the study required under this section, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as the Office of Technology Assessment considers appropriate.

TITLE XVII—RELATED AND MISCELLANEOUS MATTERS

Subtitle A—Processing, Inspection, and Labeling

POULTRY INSPECTION

SEC. 1701. (a) Section 17 of the Poultry Products Inspection Act (21 U.S.C. 466) is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of law, all poultry, or parts or products thereof, capable of use as human food offered for importation into the United States shall—

"(A) be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States; and

"(B) have been processed in facilities and under conditions that are the same as those under which similar products are processed in the United States.

"(2) Any such imported poultry article that does not meet such standards shall not be permitted entry into the United States.

"(3) The Secretary shall enforce this subsection through—

"(A) random inspections for such species verification and for residues; and

"(B) random sampling and testing of internal organs and fat of carcasses for residues at the point of slaughter by the exporting country, in accordance with methods approved by the Secretary.".

(b) The amendment made by this section shall become effective 6 months after the date of enactment of this Act.

INSPECTION AND OTHER STANDARDS FOR IMPORTED MEAT AND MEAT FOOD PRODUCTS

SEC. 1702. (a) Section 20(f) of the Federal Meat Inspection Act (21 U.S.C. 620(f)) is amended by striking out the last sentence and inserting in lieu thereof the following: "Each foreign country from which such meat articles are offered for importation into the United States shall obtain a certification issued by the Secretary stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. No such meat article shall be permitted entry into the United States from a country for which the Secretary has not issued such certification. The Secretary shall periodically review such certifications and shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States standards for residues in such meat articles. The consideration of any application for a certification under this subsection and the review of any such certification, by the Secretary, shall include the inspection of individual establishments to ensure that the inspection program of the foreign country involved is meeting such United States standards.".

(b) Section 20 of the Federal Meat Inspection Act (21 U.S.C. 620) is amended by adding at the end thereof the following:

"(g) The Secretary may prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that have been administered an animal drug or antibiotic banned for use in the United States may be imported for slaughter and human consumption. No person shall enter cattle, sheep, swine, goats, horses, mules, and other equines into the United States in violation of any order issued under this subsection by the Secretary.".

EXAMINATION AND REPORT OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1703. (a)(1) The Comptroller General of the United States shall conduct a study of Department of Health and Human Services and Department of Agriculture product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

(2) The study shall include a review of Federal regulations and inspection procedures currently in effect to detect in imported live animals chemicals and chemical residues the use of which is prohibited in the production of domestic live animals.

(3) The study shall include recommendations regarding the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States.

(4) The study shall include recommendations on the adequacy of the Department of Health and Human Services and the Department of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and food products.

(b) The study also shall evaluate the feasibility of requiring all imported meat and meat food products, agricultural commodities, and products of such commodities to bear a label stating the country of origin of such commodities and products. The study shall include an evaluation of the feasibility of requiring any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(1) by displaying a sign indicating that imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) The Secretary shall submit the results of the study conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate not later than one year after the date of enactment of this Act.

POTATO INSPECTION

SEC. 1704. The Secretary of Agriculture shall perform random spot checks of potatoes entering through ports of entry in the northeastern United States. The Secretary of Agriculture shall report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives the results of such spot checks.

Subtitle B—Agricultural Stabilization and Conservation Committees

LOCAL COMMITTEES

SEC. 1711. (a) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended—

(1) by striking out the third sentence and inserting in lieu thereof the following:

"There shall be 3 local administrative areas in each county, except that, in counties with less than one hundred and fifty farmers, the county committee selected as hereinafter provided may reduce the number of local administrative areas to one, and except that the Secretary may include more than one county or parts of different counties in a local administrative area when the Secretary determines that there are insufficient farmers in an area to establish a slate of candidates for a community committee and hold an election.

(2) by striking out "annually" in the fourth sentence (as it existed before the amendments made by this section);

(3) by inserting after the fourth sentence (as it existed before the amendments made by this section) the following new sentences: "Each member of a local committee shall be elected for a term of 3 years. Each local committee shall meet (A) once each year and shall receive compensation for such meeting by the Secretary at not less than the level in effect on December 31, 1985, and (B) at the direction of the county committee and with the approval of the State committee, such additional times during the year as may be necessary to carry out this section without compensation. The meetings of a local committee shall be held on different days of the year."; and

(4) by inserting after the eighth sentence (as it existed before the amendments made by this section) the following new sentences: "The local committees in each county shall (A) in a county in which there is more than one local committee, serve as advisors and consultants to the county committee; (B) periodically meet with the county committee and State committee to be informed on farm program issues; (C) communicate with producers within their communities on issues or concerns regarding farm programs; (D) report to the county committee, the State committee, and other interested persons on changes to, or modifications of, farm programs recommended by producers in their communities; and (E) perform such other functions as are required by law or as the Secretary may specify. The Secretary shall ensure that information concerning changes in Federal

laws in effect with respect to agricultural programs and the administration of such laws are communicated in a timely manner to local committees in areas that contain agricultural producers who might be affected by such changes.".

(b)(1) The amendments made by this section shall become effective on January 1, 1986, except that the amendments made by clauses (2) and (3) of subsection (a) shall not apply with respect to the term of office of any member of a local committee elected before January 1, 1986.

(2) If the number of local administrative areas and local committees in a county increases as a result of a change in the number of local administrative areas in the county under section 8(b) of the Soil Conservation and Domestic Allotment Act (as amended by subsection (a)(1)), any member of a local committee in such county elected before January 1, 1986, shall serve the unexpired portion of any term commenced before the date of such increase as a member of the local committee for the administrative area in which such member resides.

COUNTY COMMITTEES

SEC. 1712. The first sentence of the fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended—

(1) by inserting "and as otherwise directed by law with respect to other programs and functions," after "Alaska,"; and

(2) by inserting a semicolon and "and the Secretary may use the services of such committees in carrying out other programs and functions of the Department of Agriculture" before the period at the end thereof.

SALARY AND TRAVEL EXPENSES

SEC. 1713. (a) Section 388(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1388(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary shall provide compensation to members of such county committees (at not less than the level in effect on December 31, 1985 for county committees) for work actually performed by such persons in cooperating in carrying out the Acts in connection with which such committees are used.

"(B) The rate of compensation received by such persons for such work on the date of enactment of the Food Security Act of 1985 shall be increased at the discretion of the Secretary.".

(b) Section 388 of such Act is amended by adding at the end thereof the following new subsection:

"(c)(1) The Secretary shall make payments to members of local, county, and State committees to cover expenses for travel incurred by such persons (including, in the case of a member of a local or county committee, travel between the home of such member and the local county office of the Agricultural Stabilization and Conservation Service) in cooperating in carrying out the Acts in connection with which such Committees are used.

"(2) Such travel expenses shall be paid in the manner authorized under section 5703 of title 5, United States Code, for the payment of expenses and allowances for individuals employed intermittently in the Federal Government service.".

(c) The amendments made by this section shall become effective on January 1, 1986.

Subtitle C—National Agricultural Policy Commission Act of 1985

SHORT TITLE

SEC. 1721. This subtitle may be cited as the "National Agricultural Policy Commission Act of 1985".

DEFINITIONS

SEC. 1722. As used in this subtitle—

(1) the term "Commission" means the National Commission on Agricultural Policy established under section 1723;

(2) the term "Governor" means the chief executive officer of a State; and

(3) the term "State" means the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1723. (a) There is established a National Commission on Agricultural Policy to conduct a study of—

(A) the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States; and

(B) conditions in rural areas of the United States and the manner in which such conditions relate to the provision of public services by Federal, State, and local governments.

(b) In addition to the members specified in subsection (c), the Commission shall be composed of fifteen members appointed by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities or the products thereof in the United States;

(B) processors or refiners of United States agricultural commodities or the products thereof;

(C) exporters, transporters, or shippers of United States agricultural commodities or the products thereof;

(D) suppliers of agricultural equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities or the products thereof.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on

the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than sixty individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) seven individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute no more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission selected and appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their stead as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a chairman from among the members of the Commission who are selected and appointed under the provisions of subsection (b).

(f) The Commission shall meet at the call of the chairman or a majority of the Commission.

CONDUCT OF STUDY

SEC. 1724. The Commission shall study—

(1) the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(A) the effectiveness of existing agricultural programs in improving farm income;

(B) the manner in which the programs may be improved to retain a family-farm system of agricultural production;

(C) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(D) the effect on farmers of the existing system and structure of formulating and implementing agriculture policy;

(E) the effect of national and international economic trends on United States agricultural production;

(F) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(G) potential areas of conflict and compatibility between the structure of making agricultural policy and long-term stability in policy and practices;

(H) changing demographic trends and the manner in which such trends affect agriculture and agricultural policy consistency; and

(I) the role of State and local governments in future agricultural policy; and

(2) conditions in rural areas of the United States and the manner in which such conditions relate to the provision of public services by Federal, State, and local governments, including an analysis of--

(A) conditions that reflect the declining rural economy, including economic and demographic trends, rural and agricultural income and debt, and other appropriate social and economic indicators of such conditions;

(B) trends and fiscal conditions of rural local governments;

(C) trends and patterns in the delivery of rural public services;

(D) the impact of the deregulation of transportation, telecommunications, and banking on the rural economy and delivery of public services; and

(E) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States.

REPORTS

SEC. 1725. Not later than twelve months after the date of the enactment of this Act, and each twelve months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1724. The Commission may not comment on legislation pending before Congress unless specifically requested to do so by the Chairman of an appropriate committee.

ADMINISTRATION

SEC. 1726. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office, to the extent permitted by law, shall provide the Commission with such information as the Commission may require in carrying out the duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Such members who are private citizens of the United States may be allowed travel expenses, including a per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without

regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to the classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish the Commission with such personnel and support services as are necessary to assist the Commission in carrying out duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or Office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or the Office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act, the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be at the disposal of the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for the purpose of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committees Act and sections 4301 through 4308 of title 5 of the United States Code.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1727. (a) There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

(b) To the maximum extent practicable, this subtitle shall be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees.

TERMINATION

SEC. 1728. This subtitle and the Commission shall terminate five years after the date of enactment of this Act.

Subtitle C—National Aquaculture Improvement Act of 1985

SHORT TITLE

SEC. 1731. This subtitle may be cited as the "National Aquaculture Improvement Act of 1985".

FINDINGS, PURPOSE, AND POLICY

SEC. 1732. Section 2 of the National Aquaculture Act of 1980 (16 U.S.C. 2801) is amended—

(1) by amending subsection (a)(3)—

(A) by striking out "10 per centum" and inserting in lieu thereof "13 percent", and

(B) by striking out "3 per centum" and inserting in lieu thereof "6 percent";

(2) by amending subsection (a)(7) by inserting "scientific," before "economic,", and by inserting "the lack of supportive Government policies," immediately after "management information,";

(3) by amending subsection (b)—

(A) by striking out "and" at the end of paragraph (2),

(B) by redesignating paragraph (3) as paragraph (4), and

(C) by inserting after paragraph (2) the following new paragraph:

"(3) establishing the Department of Agriculture as the lead Federal agency with respect to the coordination and dissemination of national aquaculture information by designating the Secretary of Agriculture as the permanent chairman of the coordinating group and by establishing a National Aquaculture Information Center within the Department of Agriculture; and"; and

(4) by amending subsection (c) by inserting "for reducing the United States trade deficit in fisheries products," immediately after "potential" in the first sentence.

DEFINITIONS

SEC. 1733. Section 3 of the National Aquaculture Act of 1980 (16 U.S.C. 2802) is amended—

(1) by redesignating paragraph (8) as paragraph (9); and

(2) by inserting after paragraph (7) the following new paragraph:

"(8) The term 'Secretary' means the Secretary of Agriculture.".

NATIONAL AQUACULTURE DEVELOPMENT PLAN

SEC. 1734. Section 4 of the National Aquaculture Act of 1980 (16 U.S.C. 2803) is amended as follows:

(1) Subsection (a) is amended—

(A) by striking out "Secretaries" each place it appears in paragraph (2) and inserting in lieu thereof "Secretary";

(B) by amending the first sentence of paragraph (2) by inserting "the Secretary of Commerce and the Secretary of the Interior," immediately after "shall consult with".

(C) by striking out paragraph (3).

(2) Subsection (b) is amended—

(A) by inserting "to" immediately after "determine" in paragraph (1);

(B) by striking out "Secretaries deem" in paragraph (6) and inserting in lieu thereof "Secretary deems"; and

(C) by striking out "Secretaries" in the matter following paragraph (6) and inserting in lieu thereof "Secretary".

(3) Subsection (c) is amended—

(A) by striking out "Secretaries determine" in paragraph (1) and inserting in lieu thereof "Secretary determines";

(B) by striking out "and" at the end of paragraph (2)(A);

(C) by striking out the period at the end of paragraph (2)(B) and inserting in lieu thereof "; and"; and

(D) by inserting immediately after paragraph (2)(B) the following new subparagraph:

"(C) the concurrence of the Secretaries.".

FUNCTIONS AND POWERS OF SECRETARIES

SEC. 1735. Section 5 of the National Aquaculture Act of 1980 (16 U.S.C. 2804) is amended as follows:

(1) Subsection (c) is amended to read as follows:

"(c) INFORMATION SERVICES.—(1) In addition to performing such other mandatory functions under this Act—

"(A) the Secretaries shall collect and analyze scientific, technical, legal, and economic information relating to aquaculture, including acreages, water use, production, marketing, culture techniques, and other relevant matters;

"(B) the Secretary shall—

"(i) establish, within the Department of Agriculture, a National Aquaculture Information Center that shall serve as a repository for the information generated under subparagraph (A) and other provisions of this Act and shall, on a request basis, make that information available to the public,

"(ii) arrange with foreign nations for the exchange of information relating to aquaculture and support a translation service, and

"(iii) conduct a study of the extent to which the United States aquaculture industry has access to relevant Federal programs which assist the agricultural sector and report to Congress on the findings of such study by December 31, 1986;

"(C) the Secretary of Commerce shall conduct a study, and report to Congress thereon by December 31, 1987, to determine whether existing capture fisheries could be adversely affected by competition from products produced by commercial aquacultural enterprises and include in such study an assessment of any adverse effect, by species and by geographical region, on such fisheries and recommend measures to ameliorate any such effect; and

"(D) the Secretary of the Interior, in consultation with the Secretary of Commerce, shall undertake a study, and report to Congress thereon by December 31, 1987, to identify exotic species introduced into the United States waters as a result of aquaculture activities, and to determine the potential benefits and impacts of the introduction of exotic species.

"(2) Any production information submitted to the Secretaries under paragraph (1)(A) shall be confidential and may only be disclosed if required under court order. The Secretaries shall preserve such confidentiality. The Secretaries may release or make public any information in any aggregate or summary form that does not directly or indirectly disclose the identity, business transactions, or trade secrets of any person who submits such information.".

(2) Subsection (d) is amended—

(A) by striking out "Secretaries" each place it appears and inserting in lieu thereof "Secretary";

(B) by inserting "and in consultation with the Secretary of Commerce and the Secretary of the Interior," immediately after "group" in the first sentence;

(C) in the second sentence by—

(i) striking out "Each such" and inserting in lieu thereof "Such"; and

(ii) striking out "under section 4(d)";

(D) by striking out "deem" in the second sentence and inserting in lieu thereof "deems"; and

(E) by striking out the last sentence and inserting in lieu thereof "The report required by this subsection shall be submitted to the Congress not later than February 1, 1988.".

COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE

SEC. 1736. Section 6 of the National Aquaculture Act of 1980 (16 U.S.C. 2805) is amended as follows:

(1) Subsection (a) is amended by inserting ", who shall be the permanent chairman of the coordinating group" immediately after "Agriculture" in paragraph (1).

(2) Subsection (c) is repealed.

(3) Subsections (d), (e), and (f) are redesignated as subsections (c), (d), and (e), respectively.

(4) Subsection (e), as redesignated by paragraph (3), is amended by striking out "subsection (d)" in the second sentence and inserting in lieu thereof "subsection (c)".

AUTHORIZATION OF APPROPRIATIONS

SEC. 1737. Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking out "1985" in each of paragraphs (1), (2), and (3) and inserting in lieu thereof "1985, and $1,000,000 for each of fiscal years 1986, 1987, and 1988".

Subtitle E—Special Study and Pilot Projects on Futures Trading

FINDINGS AND DECLARATION OF POLICY

SEC. 1741. (a) Congress finds that there is a need for investigation and development of alternative price support programs carried out by the Department of Agriculture; that agricultural producers and others have insufficient knowledge concerning the nature and extent of price stabilization available in the private sector; and that more information is needed to accurately assess the Federal budgetary impact of producer participation in such private sector risk avoidance services.

(b) It is declared to be the policy of the United States that the Department of Agriculture conduct economic research to develop more information concerning the manner in which producers might utilize agricultural commodity futures markets and options markets in connection with their marketing of the agricultural commodities of their own production; and to determine the nature and effect widespread utilization of such markets by producers would have on the prices they receive for their agricultural commodities, and to deter-

mine the feasibility of interfacing traditional Federal price support programs with private sector risk avoidance services.

STUDY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1742. The Secretary of Agriculture shall conduct a study utilizing the services of the various agencies of the United States, including, but not limited to, the United States Department of Agriculture and the Commodity Futures Trading Commission, to determine the manner in which agricultural commodity futures markets and agricultural commodity options markets might be used by producers of agricultural commodities traded on such markets to provide such producers with price stability and income protection; the extent of the price stability and income protection producers might reasonably expect to receive from such participation; and of the Federal budgetary impact of such participation compared with the cost of the applicable established price support programs for agricultural commodities. The Secretary shall report the results of such study to the Committee on Agriculture, Nutrition and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives on or before December 31, 1988.

PILOT PROGRAM

SEC. 1743. In connection with the study to be undertaken by the Secretary as required by section 1742 of this subtitle, the Secretary shall conduct a pilot program with respect to the crops of wheat, feed grains, soybean, and cotton in at least 40 counties which actively produce reasonable quantities of such major agricultural commodities traded on the commodity futures markets and the commodity options markets. The Secretary shall, in cooperation with the futures and options industry and the Chairman of the Commodity Futures Trading Commission, conduct an extensive educational program for producers in the counties selected for the pilot program. The program shall, among other things, provide that a reasonable number of producers, as determined by the Secretary, may at their election and in accordance with pilot program requirements developed by the Secretary, participate in the trading of designated agricultural commodities on a futures market or options market in a manner designed to protect and maximize the return on agricultural commodities of their own production marketed by them in accordance with program requirements. Participating producers shall be assured by the Secretary under the terms of the program, using funds of the Commodity Credit Corporation, that the net return received for the agricultural commodities that such producers allocate to the program in the manner specified by the Secretary is no less than the price support loan level for such agricultural commodity in the county where it is produced. In the formulation of the pilot program the Secretary shall utilize the services of an advisory panel selected by the Secretary consisting of producers, processors, exporters, and futures and options traders on organized futures exchanges.

Subtitle F—Animal Welfare

FINDINGS

SEC. 1751. For the purposes of this subtitle, the Congress finds that—

(1) the use of animals is instrumental in certain research and education for advancing knowledge of cures and treatment for diseases and injuries which afflict both humans and animals;

(2) methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing;

(3) measures which eliminate or minimize the unnecessary duplication of experiments on animals can result in more productive use of Federal funds; and

(4) measures which help meet the public concern for laboratory animal care and treatment are important in assuring that research will continue to progress.

STANDARDS AND CERTIFICATION PROCESS

SEC. 1752. (a) Section 13 of the Animal Welfare Act (7 U.S.C. 2143) is amended by—

(1) redesignating subsections (b) through (d) as subsections (f) through (h) respectively; and

(2) striking out the first two sentences of subsection (a) and inserting in lieu thereof the following new sentences: "(1) The Secretary shall promulgate standards to govern the humane handling, care, treatment, and transportation of animals by dealers, research facilities, and exhibitors.

"(2) The standards described in paragraph (1) shall include minimum requirements—

"(A) for handling, housing, feeding, watering, sanitation, ventilation, shelter from extremes of weather and temperatures, adequate veterinary care, and separation by species where the Secretary finds necessary for humane handling, care, or treatment of animals; and

"(B) for exercise of dogs, as determined by an attending veterinarian in accordance with general standards promulgated by the Secretary, and for a physical environment adequate to promote the psychological well-being of primates.

"(3) In addition to the requirements under paragraph (2), the standards described in paragraph (1) shall, with respect to animals in research facilities, include requirements—

"(A) for animal care, treatment, and practices in experimental procedures to ensure that animal pain and distress are minimized, including adequate veterinary care with the appropriate use of anesthetic, analgesic, tranquilizing drugs, or euthanasia;

"(B) that the principal investigator considers alternatives to any procedure likely to produce pain to or distress in an experimental animal;

"(C) in any practice which could cause pain to animals—

"(i) that a doctor of veterinary medicine is consulted in the planning of such procedures;

"(ii) for the use of tranquilizers, analgesics, and anesthetics;

"(iii) for pre-surgical and post-surgical care by laboratory workers, in accordance with established veterinary medical and nursing procedures;

"(iv) against the use of paralytics without anesthesia; and

"(v) that the withholding of tranquilizers, anesthesia, analgesia, or euthanasia when scientifically necessary shall continue for only the necessary period of time;

"(D) that no animal is used in more than one major operative experiment from which it is allowed to recover except in cases of—

"(i) scientific necessity; or

"(ii) other special circumstances as determined by the Secretary; and

"(E) that exceptions to such standards may be made only when specified by research protocol and that any such exception shall be detailed and explained in a report outlined under paragraph (7) and filed with the Institutional Animal Committee.".

(b) Section 13(a) of such Act is further amended—

(1) by designating the third and fourth sentences as paragraph (4);

(2) by designating the fifth sentence as paragraph (5); and

(3) by striking out the last sentence and inserting in lieu thereof the following:

"(6)(A) Nothing in this Act—

"(i) except as provided in paragraphs (7) of this subsection, shall be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the design, outlines, or guidelines of actual research or experimentation by a research facility as determined by such research facility;

"(ii) except as provided subparagraphs (A) and (C) (ii) through (v) of paragraph (3) and paragraph (7) of this subsection, shall be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the performance of actual research or experimentation by a research facility as determined by such research facility; and

"(iii) shall authorize the Secretary, during inspection, to interrupt the conduct of actual research or experimentation.

"(B) No rule, regulation, order, or part of this Act shall be construed to require a research facility to disclose publicly or to the Institutional Animal Committee during its inspection, trade secrets or commercial or financial information which is privileged or confidential.

"(7)(A) The Secretary shall require each research facility to show upon inspection, and to report at least annually, that the provisions of this Act are being followed and that professionally acceptable standards governing the care, treatment, and use of animals are being followed by the research facility during actual research or experimentation.

"(B) In complying with subparagraph (A), such research facilities shall provide—

"(i) information on procedures likely to produce pain or distress in any animal and assurances demonstrating that the principal investigator considered alternatives to those procedures;

"(ii) assurances satisfactory to the Secretary that such facility is adhering to the standards described in this section; and

"(iii) an explanation for any deviation from the standards promulgated under this section.

"(8) Paragraph (1) shall not prohibit any State (or a political subdivision of such State) from promulgating standards in addition to those standards promulgated by the Secretary under paragraph (1).".

(c) Section 13 of such Act is further amended by inserting after subsection (a) the following new subsections:

"(b)(1) The Secretary shall require that each research facility establish at least one Committee. Each Committee shall be appointed by the chief executive officer of each such research facility and shall be composed of not fewer than three members. Such members shall possess sufficient ability to assess animal care, treatment, and practices in experimental research as determined by the needs of the research facility and shall represent society's concerns regarding the welfare of animal subjects used at such facility. Of the members of the Committee—

"(A) at least one member shall be a doctor of veterinary medicine;

"(B) at least one member—

"(i) shall not be affiliated in any way with such facility other than as a member of the Committee;

"(ii) shall not be a member of the immediate family of a person who is affiliated with such facility; and

"(iii) is intended to provide representation for general community interests in the proper care and treatment of animals; and

"(C) in those cases where the Committee consists of more than three members, not more than three members shall be from the same administrative unit of such facility.

"(2) A quorum shall be required for all formal actions of the Committee, including inspections under paragraph (3).

"(3) The Committee shall inspect at least semiannually all animal study areas and animal facilities of such research facility and review as part of the inspection—

"(A) practices involving pain to animals, and

"(B) the condition of animals,

to ensure compliance with the provisions of this Act to minimize pain and distress to animals. Exceptions to the requirement of inspection of such study areas may be made by the Secretary if animals are studied in their natural environment and the study area is prohibitive to easy access.

"(4)(A) The Committee shall file an inspection certification report of each inspection at the research facility. Such report shall—

"(i) be signed by a majority of the Committee members involved in the inspection;

"(ii) include reports of any violation of the standards promulgated, or assurances required, by the Secretary, including any deficient conditions of animal care or treatment, any deviations of research practices from originally approved proposals that adversely affect animal welfare, any notification to the facility regarding such conditions, and any corrections made thereafter;

"(iii) include any minority views of the Committee; and

"(iv) include any other information pertinent to the activities of the Committee.

"(B) Such report shall remain on file for at least three years at the research facility and shall be available for inspection by the Animal and Plant Health Inspection Service and any funding Federal agency.

"(C) In order to give the research facility an opportunity to correct any deficiencies or deviations discovered by reason of paragraph (3), the Committee shall notify the administrative representative of the research facility of any deficiencies or deviations from the provisions of this Act. If, after notification and an opportunity for correction, such deficiencies or deviations remain uncorrected, the Committee shall notify (in writing) the Animal and Plant Health Inspection Service and the funding Federal agency of such deficiencies or deviations.

"(5) The inspection results shall be available to Department of Agriculture inspectors for review during inspections. Department of Agriculture inspectors shall forward any Committee inspection records which include reports of uncorrected deficiencies or deviations to the Animal and Plant Health Inspection Service and any funding Federal agency of the project with respect to which such uncorrected deficiencies and deviations occurred.

"(c) In the case of Federal research facilities, a Federal Committee shall be established and shall have the same composition and responsibilities provided in subsection (b), except that the Federal Committee shall report deficiencies or deviations to the head of the Federal agency conducting the research rather than to the Animal and Plant Health Inspection Service. The head of the Federal agency conducting the research shall be responsible for—

"(1) all corrective action to be taken at the facility; and

"(2) the granting of all exceptions to inspection protocol.

"(d) Each research facility shall provide for the training of scientists, animal technicians, and other personnel involved with animal care and treatment in such facility as required by the Secretary. Such training shall include instruction on—

"(1) the humane practice of animal maintenance and experimentation;

"(2) research or testing methods that minimize or eliminate the use of animals or limit animal pain or distress;

"(3) utilization of the information service at the National Agricultural Library, established under subsection (e); and

"(4) methods whereby deficiencies in animal care and treatment should be reported.

"(e) The Secretary shall establish an information service at the National Agricultural Library. Such service shall, in cooperation with the National Library of Medicine, provide information—

"(1) pertinent to employee training;

"(2) which could prevent unintended duplication of animal experimentation as determined by the needs of the research facility; and

"(3) on improved methods of animal experimentation, including methods which could—

"(A) reduce or replace animal use; and

"(B) minimize pain and distress to animals, such as anesthetic and analgesic procedures.

"(f) In any case in which a Federal agency funding a research project determines that conditions of animal care, treatment, or practice in a particular project have not been in compliance with standards promulgated under this Act, despite notification by the Secretary or such Federal agency to the research facility and an opportunity for correction, such agency shall suspend or revoke Federal support for the project. Any research facility losing Federal support as a result of actions taken under the preceding sentence shall have the right of appeal as provided in sections 701 through 706 of title 5, United States Code.".

INSPECTIONS

SEC. 1753. Section 16(a) of the Animal Welfare Act (7 U.S.C. 2146(a)) is amended by inserting after the first sentence the following: "The Secretary shall inspect each research facility at least once each year and, in the case of deficiencies or deviations from the standards promulgated under this Act, shall conduct such follow-up inspections as may be necessary until all deficiencies or deviations from such standards are corrected.".

PENALTY FOR RELEASE OF TRADE SECRETS

SEC. 1754. The Animal Welfare Act (7 U.S.C. 2131–2156) is amended by adding at the end thereof the following section:

"SEC. 27. (a) It shall be unlawful for any member of an Institutional Animal Committee to release any confidential information of the research facility including any information that concerns or relates to—

"(1) the trade secrets, processes, operations, style of work, or apparatus; or

"(2) the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures,

of the research facility.

"(b) It shall be unlawful for any member of such Committee—

"(1) to use or attempt to use to his advantages; or

"(2) to reveal to any other person,

any information which is entitled to protection as confidential information under subsection (a).

"(c) A violation of subsection (a) or (b) is punishable by—

"(1) removal from such Committee; and

"(2)(A) a fine of not more than $1,000 and imprisonment of not more than one year; or

"(B) if such violation is willful, a fine of not more than $10,000 and imprisonment of not more than three years.

"(d) Any person, including any research facility, injured in its business or property by reason of a violation of this section may re-

cover all actual and consequential damages sustained by such person and the cost of the suit including a reasonable attorney's fee.

"(e) Nothing in this section shall be construed to affect any other rights of a person injured in its business or property by reason of a violation of this section. Subsection (d) shall not be construed to limit the exercise of any such rights arising out of or relating to a violation of subsections (a) and (b).".

INCREASED PENALTIES FOR VIOLATION OF THE ACT

SEC. 1755. (a) Subsection (b) of section 19 of the Animal Welfare Act (7 U.S.C. 2149(b)) is amended—

(1) in the first sentence by striking out "$1,000 for each such violation" and inserting in lieu thereof "$2,500 for each such violation"; and

(2) in the sixth sentence by striking out "$500 for each offense" and inserting in lieu thereof "$1,500 for each offense".

(b) Subsection (d) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$2,500".

DEFINITIONS

SEC. 1756. (a) Section 2 of the Animal Welfare Act (7 U.S.C. 2132) is amended by—

(1) striking out "and" after the semicolon in subsection (i);

(2) striking out the period at the end of subsection (j) and inserting in lieu thereof a semicolon; and

(3) adding after subsection (j) the following new subsections:

"(k) The term 'Federal agency' means an Executive agency as such term is defined in section 105 of title 5, United States Code, and with respect to any research facility means the agency from which the research facility receives a Federal award for the conduct of research, experimentation, or testing, involving the use of animals;

"(l) The term 'Federal award for the conduct of research, experimentation, or testing, involving the use of animals' means any mechanism (including a grant, award, loan, contract, or cooperative agreement) under which Federal funds are provided to support the conduct of such research.

"(m) The term 'quorum' means a majority of the Committee members;

"(n) The term 'Committee' means the Institutional Animal Committee established under section 13(b); and

"(o) The term 'Federal research facility' means each department, agency, or instrumentality of the United States which uses live animals for research or experimentation.".

(b) For purposes of this Act, the term "animal" shall have the same meaning as defined in section 2(g) of the Animal Welfare Act (7 U.S.C. 2132(g)).

CONSULTATION WITH THE SECRETARY OF HEALTH AND HUMAN SERVICES

SEC. 1757. Section 15(a) of the Animal Welfare Act (7 U.S.C. 2145(a)) is amended by adding after the first sentence the following: "The Secretary shall consult with the Secretary of Health and Human Services prior to issuance of regulations.".

TECHNICAL AMENDMENT

SEC. 1758. Section 14 of the Animal Welfare Act (7 U.S.C. 2144) is amended by changing "section 13" to "sections 13 (a), (f), (g), and (h)" wherever it appears.

EFFECTIVE DATE

SEC. 1759. This subtitle shall take effect 1 year after the date of the enactment of this Act.

Subtitle G—Miscellaneous

COMMODITY CREDIT CORPORATION STORAGE CONTRACTS

SEC. 1761. Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended by inserting, after the colon at the end of the second proviso, the following: "And provided further, That any contract entered into by the Corporation for the use of a storage facility shall provide at least that (1) the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract, (2) any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space, and (3) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person:".

WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1762. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve these systems, is essential if agriculture and silviculture are to mitigate damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained with joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, involving user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It, therefore, is declared to be the policy of Congress that it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information and that efforts should be made, among users of this information and among private providers of this information, to improve use of this information.

EMERGENCY FEED PROGRAM

SEC. 1763. (a) Paragraph (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) is amended by striking out "feed for such person's livestock" and inserting in lieu thereof "feed that has adequate nutritive value and is suitable for each of such person's respective particular types of livestock".

(b) Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after the fifth sentence the following new sentence: "Notwithstanding the foregoing provisions of this section relating to the authority of the Commodity Credit Corporation to make available to certain persons in certain areas during emergencies feed for livestock, the Commodity Credit Corporation (1) may make such feed available to such persons in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the fourth sentence of this section, (2) may make such feed available to such persons through feed dealers in the areas, (3) shall make such feed available at a price not less than the price prescribed in the fourth sentence of this section, and (4) shall bear any expenses incurred in connection with making such feed available to such persons under this sentence, including transportation and handling costs.".

CONTROLLED SUBSTANCES PRODUCTION CONTROL

SEC. 1764. (a) As used in this section:

(1) The term "controlled substance" has the same meaning given such term in section 102(6) of the Controlled Substances Act (21 U.S.C. 801(6)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Notwithstanding any other provision of law, following the date of enactment of this Act, any person who is convicted under Federal or State law of planting, cultivation, growing, producing, harvesting, or storing a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) for the storage of an agricultural commodity that is—

(A) produced during that crop year, or any of the four succeeding crop years, by such person; and

(B) acquired by the Commodity Credit Corporation.

(c) Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this section, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this section; and

(3) protect the interests of tenants and sharecroppers.

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. 1765. (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of other fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the reg-

ulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(B) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) Between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator shall—

(A) report to Congress; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(g) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

POTATO ADVISORY COMMISSION

SEC. 1767. It is the sense of Congress that—

(1) the Secretary of Agriculture should consider the recommendations of the potato advisory commission established by the Secretary on an ad hoc basis;

(2) such commission should address industry concerns including trade, quality inspections, and pesticide use, to the extent practicable;

(3) such commission should meet periodically; and

(4) the recommendations and actions of such committee should be reported to the Chairmen of the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, and to the public.

VIRUSES, SERUMS, TOXINS, AND ANALAGOUS PRODUCTS

SEC. 1768. (a) The first sentence of the eighth paragraph of the matter under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen", approved March 4, 1913 (21 U.S.C. 151), is amended by striking out "from one State or Territory or the District of Columbia to any other State or Territory or the District of Columbia" and inserting in lieu thereof "in or from the United States, the District of Columbia, any territory of the United States, or any place under the jurisdiction of the United States".

(b) The fourth sentence of such paragraph (21 U.S.C. 154) is amended by inserting "or otherwise to carry out this paragraph," after "animals," the first place it appears.

(c) Such paragraph is amended by inserting after the fourth sentence the following new sentences: "In order to meet an emergency condition, limited market or local situation, or other special circumstance (including production solely for intrastate use under a State-operated program), the Secretary may issue a special license under an expedited procedure on such conditions as are necessary to assure purity, safety, and a reasonable expectation of efficacy. The Secretary shall exempt by regulation from the requirement of preparation pursuant to an unsuspended and unrevoked license any virus, serum, toxin, or analogous product prepared by any person, firm, or corporation—

"(1) solely for administration to animals of such person, firm, or corporation;

"(2) solely for administration to animals under a veterinarian-client-patient relationship in the course of the State licensed professional practice of veterinary medicine by such person, firm, or corporation; or

"(3) solely for distribution within the State of production pursuant to a license granted by such State under a program determined by the Secretary to meet criteria under which the State—

"(A) may license virus, serum, toxin, and analogous products and establishments that produce such products;

"(B) may review the purity, safety, potency, and efficacy of such products prior to licensure;

"(C) may review product test results to assure compliance with applicable standards for purity, safety, and potency, prior to release to the market;

"(D) may deal effectively with violations of State law regulating virus, serum, toxin, and analogous products; and

"(E) exercises the authority referred to in subclauses (A) through (D) consistent with the intent of this paragraph of prohibiting the preparation, sale, barter, exchange, or shipment of worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous products.".

(d) The seventh sentence of such paragraph (21 U.S.C. 157) (as it existed before the amendments made by this section) is amended by striking out "licensed under this Act".

(e) Such paragraph is amended by inserting after the eighth sentence (21 U.S.C. 158) (as it existed before the amendments made by

this section) the following new sentences: "The procedures of sections 402, 403, and 404 of the Federal Meat Inspection Act (21 U.S.C. 672, 673, and 674) (relating to detentions, seizures and condemnations, and injunctions, respectively) shall apply to the enforcement of this paragraph with respect to any product prepared, sold, bartered, exchanged, or shipped in violation of this paragraph or a regulation promulgated under this paragraph. The provisions (including penalties) of section 405 of such Act (21 U.S.C. 675) shall apply to the performance of official duties under this paragraph. Congress finds that (i) the products and activities that are regulated under this paragraph are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof, and (ii) regulation of the products and activities as provided in this paragraph is necessary to prevent and eliminate burdens on such commerce and to effectively regulate such commerce.".

(f)(1) Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2)(A) Subject to subparagraphs (B) through (D), in the case of a person, firm, or corporation preparing, selling, bartering, exchanging, or shipping a virus, serum, toxin, or analogous product during the 12-month period ending on the date of enactment of this Act solely for intrastate commerce or for exportation, such product shall not after such date of enactment, as a result of its not having been licensed or produced in a licensed establishment, be considered in violation of the eighth paragraph of the matter under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen", approved March 14, 1913 (as amended by this section), until the first day of the 49th month following the date of enactment of this Act.

(B) The exemption granted by subparagraph (A) may be extended by the Secretary of Agriculture for a period up to 12 months in an individual case on a showing by a person, firm, or corporation of good cause and a good faith effort to comply with such eighth paragraph with due diligence.

(C) The exemption granted by subparagraph (A) must be claimed by the person, firm, or corporation preparing such product by the first day of the 13th month following the date of enactment of this Act, in the form and manner prescribed by the Secretary, unless the Secretary grants an extension of the time to claim such exemption in an individual case for good cause shown.

(D) On the issuance by the Secretary of a license to such person, firm, or corporation for such product prior to the first day of the 49th month following the date of enactment of this Act, or the end of an extension of the exemption granted by the Secretary, the exemption granted by subparagraph (A) shall terminate with respect to such product.

AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

SEC. 1768. Section 31 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136y) is amended to read as follows:

"SEC. 31. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this Act for the period beginning October 1, 1985, and ending September 30, 1986, $68,604,200 of which not more than $11,993,100 shall be available for research under this Act.".

USER FEES FOR REPORTS, PUBLICATIONS, AND SOFTWARE

SEC. 1769. Section 1121 of the Agriculture and Food Act of 1981 (7 U.S.C. 2242a) is amended to read as follows:

"USER FEES FOR REPORTS, PUBLICATIONS, AND SOFTWARE

"SEC. 1121. (a) The Secretary of Agriculture may—

"(1) furnish, on request, copies of software programs, pamphlets, reports, or other publications, regardless of their form, including electronic publications, prepared in the Department of Agriculture in carrying out any of its missions or programs; and

"(2) charge such fees therefor as the Secretary determines are reasonable.

"(b) The imposition of such charges shall be consistent with section 9701 of title 31, United States Code.

"(c) All moneys received in payment for work or services performed, or for software programs, pamphlets, reports, or other publications provided, under this section—

"(1) shall be available until expended to pay directly the costs of such work, services, software programs, pamphlets, reports, or publications; and

"(2) may be credited to appropriations or funds that incur such costs.".

CONFIDENTIALITY OF INFORMATION

SEC. 1770. (a) In the case of information furnished under a provision of law referred to in subsection (d), neither the Secretary of Agriculture, any other officer or employee of the Department of Agriculture or agency thereof, nor any other person may—

(1) use such information for a purpose other than the development or reporting of aggregate data in a manner such that the identity of the person who supplied such information is not discernible and is not material to the intended uses of such information; or

(2) disclose such information to the public, unless such information has been transformed into a statistical or aggregate form that does not allow the identification of the person who supplied particular information.

(b)(1) In carrying out a provision of law referred to in subsection (d), no department, agency, officer, or employee of the Federal Government, other than the Secretary of Agriculture, shall require a

person to furnish a copy of statistical information provided to the Department of Agriculture.

(2) A copy of such information—

(A) shall be immune from mandatory disclosure of any type, including legal process; and

(B) shall not, without the consent of such person, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or otherwise publicly release information collected pursuant to a provision of law referred to in subsection (d), in any manner or for any purpose prohibited in section (a), shall be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

(d) For purposes of this section, a provision of law referred to in this subsection means—

(1) the first section of the Act entitled "An Act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton", approved March 3, 1927 (7 U.S.C. 471) (commonly referred to as the "Cotton Statistics and Estimates Act");

(2) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929 (7 U.S.C. 501);

(3) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of peanuts by the Department of Agriculture", approved June 24, 1936 (7 U.S.C. 951);

(4) section 203(g) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(g));

(5) section 526(a) of the Revised Statutes (7 U.S.C. 2204(a));

(6) the Act entitled "An Act providing for the publication of statistics relating to spirits of turpentine and resin", approved August 15, 1935 (7 U.S.C. 2248);

(7) section 42 of title 13, United States Code;

(8) section 4 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1516); or

(9) section 2 of the joint resolution entitled "Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent", approved June 16, 1976 (15 U.S.C. 1516a).

LAND CONVEYANCE TO IRWIN COUNTY, GEORGIA

SEC. 1771. The Secretary of Agriculture is authorized and directed to execute and deliver to the Board of Education of Irwin County, Georgia, its successors and assigns, a quitclaim deed conveying and releasing unto the said Board of Education of Irwin County, Georgia, its successors and assigns, all right, title, and interest of the United States of America in and to a tract of land, situate in said Irwin County, Georgia, containing 0.303 acres together with improvements in Land Lot Number 39 in the 3rd Land District of Irwin County, Georgia, being more particularly described in a deed dated July 13, 1946, from the United States conveying said land to

Irwin County Board of Education, recorded in the land records of the office of the Clerk of Court for Irwin County, Georgia, in deed book 20, page 117.

NATIONAL TREE SEED LABORATORY

SEC. 1772. Notwithstanding any other provision of law, fees received by the National Tree Seed Laboratory, administered by the Forest Service, United States Department of Agriculture, for the provision of a tree seed testing service, shall be retained and deposited as a reimbursement to current appropriations used to cover the costs of providing such service.

CONTROL OF GRASSHOPPERS AND MORMON CRICKETS ON FEDERAL LANDS

SEC. 1773. (a) The Secretary of Agriculture shall carry out a program to control grasshoppers and Mormon Crickets on all Federal lands.

(b)(1) Subject to paragraph (2), the Secretary of Agriculture shall expend or transfer, and upon request, the Secretary of the Interior shall transfer to the Secretary of Agriculture, from any no-year appropriations, funds for the prevention, suppression, and control of actual or potential grasshopper and Mormon Cricket outbreaks on lands under the jurisdiction of the Federal Government.

(2)(A) Appropriated funds made available to the Secretary of the Interior shall be available for the payment of obligations incurred on Federal lands subject to the jurisdiction of the Secretary of the Interior.

(B) Funds transferred pursuant to this paragraph shall be requested as promptly as possible by the Secretary of Agriculture.

(C) Funds transferred pursuant to this section shall be replenished by supplemental or regular appropriations which shall be requested as promptly as possible.

(c)(1) Except as provided in paragraph (2), from any funds made available to the Department of the Interior until expended, moneys shall be made available for the transfer by the Secretary of the Interior to the Secretary of Agriculture for the prevention, suppression, and control of grasshoppers and Mormon Cricket outbreaks on Federal lands under the jurisdiction of the Secretary of the Interior.

(2) No funds shall be made available under this authority, until contingency funds specifically available to the Animal and Plant Health Inspection Service for grasshopper emergencies have been exhausted.

(d) On request of the administering agency or the Department of Agriculture of an affected State, the Secretary of Agriculture shall immediately treat Federal, State, or private lands that are infested by grasshoppers or Mormon crickets at levels of economic infestation, unless the Secretary determines that delaying treatment will optimize biological control and not cause greater economic damage to adjacent landowners.

(e) The Secretary of Agriculture shall—

(1) pay out of appropriated funds made available to the Secretary or transferred to the Secretary by the Secretary of the Inte-

rior—100 percent of the cost of grasshopper or Mormon cricket control on Federal lands;

(2) pay out of appropriated funds made available to the Secretary—

(A) 50 percent of the cost of such control on State lands; and

(B) 33.3 percent of the cost of such control on private rangelands; and

(3) participate in prevention, control, or suppression programs for grasshoppers and Mormon Crickets in conjunction with other Federal, State and private prevention, control or suppression efforts.

(f) From appropriated funds made available or transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes, the Secretary of Agriculture shall provide adequate funding for a program to train personnel to effectively accomplish the objective of this section.

STUDY OF A STRATEGIC ETHANOL RESERVE

SEC. 1778. (a) The Secretary of Agriculture shall conduct a study of the cost effectiveness, the economic benefits, and the feasibility of establishing, maintaining, and utilizing a Strategic Ethanol Reserve relative to the existing Strategic Petroleum Reserve.

(b) The study shall be completed within one year after the enactment of this section and shall include, among other considerations—

(1) the benefits and losses related to the U.S. economy, farm income, employment, government commodity programs, and the trade deficit of utilizing a Strategic Ethanol Reserve, as opposed to the Strategic Petroleum Reserve; and

(2) the savings from storing ethanol as opposed to storing the amount of CCC-held grain necessary to produce the ethanol.

(c) If the study shows that the Strategic Ethanol Reserve is cost effective, beneficial to the U.S. economy, and feasible in comparison with the Strategic Petroleum Reserve, the Secretary of Agriculture may establish, maintain, and utilize a Strategic Ethanol Reserve.

TITLE XVIII—GENERAL EFFECTIVE DATE

EFFECTIVE DATE

SEC. 1801. Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of the enactment of this Act.

And the Senate agree to the same.

From the Committee on Agriculture:

E DE LA GARZA,
THOMAS S. FOLEY,
ED JONES,
CHARLES ROSE,
BERKLEY BEDELL
(on all matters except title VIII of the House bill and modifications thereof committed to conference),

LEON E. PANETTA,
JERRY HUCKABY,
CHARLES WHITLEY
(on all matters except subtitle A of title X, section 1022, section 1314, and subtitle C of title XVIII of the House bill and modifications thereof committed to conference, and section 1947 and title XX of the Senate amendment),
TONY COELHO,
EDWARD R. MADIGAN,
JAMES M. JEFFORDS,
E. THOMAS COLEMAN
(on all matters except titles II, IV, V, IX, XVI, and XVII, and section 1862 of the House bill and modifications thereof committed to conference),
RON MARLENEE,
LARRY J. HOPKINS,
ARLAN STANGELAND,
CHARLES HATCHER
(in lieu of Mr. BEDELL, solely for consideration of title VIII of the House bill and modifications thereof committed to conference),
CHARLES W. STENHOLM
(in lieu of Mr. WHITLEY, solely for consideration of subtitle A of title X of the House bill and section 1314 and modifications committed to conference; and additional conferee solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),
TERRY L. BRUCE
(in lieu of Mr. WHITLEY, solely for consideration of section 1022 of the House bill and modifications thereof committed to conference),

HAROLD L. VOLKMER
(in lieu of Mr. WHITLEY, solely for consideration of subtitle C of title XVIII of the House bill and modifications thereof committed to conference),
RICHARD H. STALLINGS
(in lieu of Mr. WHITLEY, solely for consideration of section 1947 of the Senate amendment),
GEORGE E. BROWN, Jr.
(in lieu of Mr. WHITLEY, solely for consideration of title XX of the Senate amendment),
BILL EMERSON
(in lieu of Mr. COLEMAN of Missouri, solely for consideration of titles IX, XV, XVI, and XVII of the House bill and modifications thereof committed to conference),
STEVE GUNDERSON
(in lieu of Mr. COLEMAN of Missouri, solely for consideration of title II of the House bill and modifications thereof committed to conference),
SID MORRISON
(in lieu of Mr. COLEMAN of Missouri, solely for consideration of section 1862 of the House bill and modifications thereof committed to conference),
BOB SMITH
(in lieu of Mr. COLEMAN of Missouri, solely for consideration of titles IV and V of the House bill and modifications thereof committed to conference),
PAT ROBERTS
(additional conferee, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),

From the Committee on Merchant Marine and Fisheries:

(Additional conferees, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference):

WALTER B. JONES
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
MARIO BIAGGI,
GLENN M. ANDERSON,
JAMES L. OBERSTAR,
WILLIAM J. HUGHES,
MIKE LOWRY,
NORMAN F. LENT
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
GENE SNYDER,
DON YOUNG
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
ROBERT W. DAVIS,

(Additional conferees, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference):

JOHN BREAUX,
GERRY E. STUDDS,
JACK FIELDS,

From the Committee on Foreign Affairs:

(Additional conferees, solely for consideration of title XI, sections 1025, 1421, 1423, and 1431 of the House bill, title I, sections 903, 1932, 1943, 1949, and 1952 of the Senate amendment, and modifications committed to conference):

DANTE B. FASCELL,
LEE H. HAMILTON,
DON BONKER,
SAM GEJDENSON,

PETER H. KOSTMAYER
(except subtitle D of title XI of the House bill and modifications committed to conference),
BUDDY MACKAY
(except subtitle D of title XI of the House bill and modifications committed to conference),
WM. BROOMFIELD,
BENJAMIN A. GILMAN
(except subtitle D of title XI of the House bill and modifications committed to conference),
TOBY ROTH,
DOUG BEREUTER,

From the Committee on Ways and Means:

(Additional conferees, solely for the consideration of sections 107(d), 108(b), 113, 1002, 1929, 1952, 1953, and 1955 of the Senate amendment and modifications committed to conference):

SAM GIBBONS,
ED JENKINS,
Managers on the Part of the House.

JESSE HELMS,
ROBERT DOLE,
RICHARD G. LUGAR,
THAD COCHRAN,
RUDY BOSCHWITZ,
EDWARD ZORINSKY,
PATRICK J. LEAHY,
JOHN MELCHER,
DAVID PRYOR,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource concervation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

Title I—Dairy

(1) Short title

The *House* bill provides that title II may be cited as the "Dairy Unity Act of 1985". (Sec. 201.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(2) Effective period

The *House* bill provides that the milk price support and milk diversion programs under the bill, and certain provisions in the bill relating to milk marketing orders, will be effective for five years, through the end of fiscal year 1990. (Secs. 201, 211–214, 232, 233, 251, and 252.)

The related provisions of the *Senate* amendment will be effective for four years, through the end of fiscal year 1989. (Secs. 201, 203, 204, and 205.)

The *Conference* substitute adopts the *House* provision relating to the overall length of the milk program under the bill. (Secs. 101, 104, 108, 132, 151, and 152.)

(3) Milk price support

The *House* bill provides that, effective on the date of the enactment of the bill, the price support levels for milk for the fiscal years 1986 through 1990 will be determined as follows:

On October 1 of each of the 1987 through 1990 fiscal years, and on the date of the enactment of the bill in the case of fiscal year 1986, the Secretary of Agriculture will establish the price support level for milk (per hundredweight) to be effective for that fiscal year (or the remaining portion of fiscal year 1986). Price support would be set by the Secretary at a level equal to the product of—

(a) the preliminary support price, and

(b) a percentage figure keyed to changes in the estimated amount of net Community Credit Corporation dairy product acquisitions.

The preliminary support price (per hundredweight) would be determined by multiplying $8.83 by the adjusted cost of production index for milk (which would be—

(a) the milk cost of production index, less

(b) the product of (i) the milk cost of production index and (ii) the milk productivity factor).

The milk cost of production index for a fiscal year would reflect the ratio between (a) the cost of producing milk during the one-year period ending the preceding June 30 and (b) the average annual cost of producing milk during the three-year period ending with 1978.

The milk productivity factor would be a figure that is the product of—

(a) the average per-cow milk production (measured in hundredweights) during the one-year period ending the preceding June 30 minus 111.01 hundredweights, and

(b) .002.

The cost of producing milk would be computed using the prices for input and other items and a proportional value for each item specified in a schedule contained in the bill.

The Secretary would be required to estimate the level of CCC purchases of milk and milk products (less sales for unrestricted use) that would occur for the fiscal year for which the price support level is being determined if the support level were equal to the preliminary support price. The actual support price would be a percentage—ranging from 92.2 percent at the minimum to 107.8 percent or higher—of the preliminary support price, arrived at by applying the projected net CCC acquisitions if the preliminary price were in effect to a schedule contained in the bill. If the net acquisitions would exceed seven billion pounds, the support level would be 92.2 percent of the preliminary level. As projected net acquisitions become smaller, the percentage would increase, so that if projected net acquisitions would be less than one billion pounds, the support level could not be less than 107.8 percent of the preliminary level. (Sec. 211.)

The *Senate* amendment provides that, effective October 1, 1985, the price of milk would be supported at $11.60 per hundredweight of milk, with the following exceptions:

(a) If the Secretary estimates that net price support purchases of milk for calendar year 1987 will exceed 5 billion pounds, the Secretary must reduce the support level 50 cents per hundredweight, effective January 1987;

(b) on January 1, 1988, and January 1, 1989, the Secretary will estimate the level of net price support purchases for the calendar year involved and depending on the amount estimated, adjust the support level per hundredweight (on January 1 of the year involved), as follows:

(i) net purchases of 10 billion pounds or more would require a reduction of $1.00 (except that the Secretary could lessen the amount of the reduction to reflect changes in a cost of production index established by the Secretary);

(ii) net purchases of 5 billion pounds or more but less than 10 billion pounds would require a reduction of 50 cents (with authority for lessening the reduction under the criteria described in clause (i));

(iii) if net purchases were 2 billion pounds or more but less than 5 billion pounds, no adjustment would be permitted; and

(iv) net purchases of less than 2 billion pounds would authorize a 50 cent increase (with further authority for enlarging the increase under the criteria described in clause (i)). (Sec. 203.)

The *Conference* substitute provides that the support price for milk in 1986 shall be $11.60 per hundredweight for milk containing 3.67 percent milkfat. The support price for the period January 1, 1987, through September 30, 1987, shall be $11.35 per hundredweight and for the period October 1, 1987, through September 30, 1990, shall be $11.10 per hundredweight, except as provided below.

On January 1 of each calendar year 1988, 1989, the Secretary is required to (1) increase the support price then in effect by $.50 per hundredweight if the Secretary projects that removals of milk through the Commodity Credit Corporation will be less than 2.5 billion pounds, milk equivalent, during the upcoming twelve month period; or (2) to reduce the support price then in effect by $.50 per hundredweight if the Secretary projects that removals will exeed 5 billion pounds, milk equivalent, during the upcoming twelve months.

The *Conference* substitute provides for a limitation on any such reduction that is keyed to the 18 month milk production termination program that will be operated during 1986 and 1987, as described in item (6). The *Conference* substitute will prohibit any such reduction unless the program achieved a reduction in milk production among participants of not less than 12 billion pounds during the life of the program; or the Secretary of Agriculture certifies to Congress that an insufficient number of reasonable bids from producers were offered to achieve such reduction. Determinations of the Secretary of Agriculture relating to the level of milk price supports, reductions in milk prices described in item (5) below, and the milk production termination program described in item (6) would not be subject to the provisions of 5 U.S.C. 553. (Sec. 101.)

(4) Market value of whey

The *House* bill provides that, for the purpose of supporting the price of milk, as described in item (3), the Secretary of Agriculture could not take into consideration the market value of whey. (Sec. 218.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 103.)

(5) Reductions in the price of milk

The *House* bill will require the Secretary of Agriculture to provide for a reduction in the price of milk received by producers, applicable to all milk marketed for commercial use in the contiguous 48 States, during any period that a milk diversion program is in effect (as described in item (6)). The reduction (which the Secretary could adjust downward) would have to be sufficient to cover—

(a) the estimated cost of net CCC acquisitions, during each of the calendar years 1986 through 1989, in excess of five billion pounds (or three-fourths of such amount in the case of the first 9 months of 1990);

(b) the estimated cost of payments to producers under the diversion program; and

(c) in each of the calendar years 1986 and 1987, an additional $50 million.

The funds represented by the reduction in the price of milk would be collected and remitted to the Commodity Credit Corporation by handlers that buy milk from producers. Producers that market their milk directly to consumers would remit the funds directly to the CCC. The $50 million remitted in 1986 and 1987, if there is a diversion program, would be transferred to the Dairy Research Trust Fund (see item (12)).

If the funds deducted from milk prices exceed the amount needed to cover the costs of (a) net CCC acquisitions in excess of five billion pounds (on an annual basis), (b) the milk diversion program, and (c) in 1986 and 1987, the special $50 million allocation to the Dairy Research Trust Fund, the CCC would be required to refund the excess (with interest) to producers on a pro rata basis. In addition, if the actual level of net CCC acquisitions during the period involved were less than the threshold level for that period, the Secretary would be required to refund, to producers, an amount equal to the difference between (i) the estimated cost of purchasing five billion pounds (on an annual basis) and (ii) the sum of the actual cost of purchases for the period and the amount deposited in the Trust Fund, with interest. (Sec. 211.)

The *Senate* amendment states the sense of the Senate that no charge or assessment intended to encourage reductions by producers in total milk production should be imposed on, or collected from, producers of milk. (Sec. 210.)

The *Conference* substitute requires the Secretary of Agriculture to provide for a reduction in the price of milk received by producers, applicable to all milk marketed for commercial use in the contiguous 48 States, to help offset the cost of the milk production termination program and mitigate dairy surpluses. A reduction of 40 cents per hundred pounds of milk marketed for commercial use

will begin on April 1, 1986, and end on December 31, 1986. A reduction of 25 cents per hundred pounds of milk marketed for commercial use will begin on January 1, 1987, and end on September 30, 1987.

The funds represented by the reduction in the price of milk will be collected and remitted to the Commodity Credit Corporation by handlers that buy milk from producers. Producers who market their milk directly to consumers would remit the funds directly to the CCC. (Sec. 101.)

(6) Milk diversion program

(a) The *House* bill will provide for an extension, with revisions, of the provisions for a milk diversion program contained in the Dairy Production Stabilization Act of 1983. Effective for each of the calendar years 1986 through 1989 (and the first 9 months of 1990), if the Secretary estimates that net Commodity Credit Corporation milk price support purchases will be more than five billion pounds, but not more than seven billion pounds, milk equivalent (on an annual basis), the Secretary of Agriculture could implement a milk diversion program for that period. If the Secretary's estimate is that net CCC purchases will exceed seven billion pounds, the Secretary would be required to implement a diversion program for the period involved.

A milk diversion program would have to be designed to ensure that the aggregate amount of the reduction in marketings of milk under the program will not be less than the difference between the estimated amount of net CCC purchases without the program and four billion pounds milk equivalent (annual basis).

In making his determinations as to levels of CCC purchases, the Secretary would adjust his estimates by deducting the net amount of reduction in the quantitative limits on dairy imports, established under section 22 of the Agricultural Adjustment Act, occurring since June 15, 1985.

Under milk diversion programs, the Secretary would enter into contracts with milk producers under which the producers would forgo producing a portion (or all) of their milk production base in return for a payment from the Secretary.

If the Secretary establishes a milk diversion program for calendar year 1986, the program would be two years in duration.

If a milk diversion program is in effect, the Secretary would be required to formulate—

(A) a reduced production program under which producers could enter contracts to reduce the amount of milk they market during the period involved; and, in addition,

(B) a production termination program under which the Secretary could accept a bid from a producer for terminating his milk production entirely in return for a payment by the Secretary. (Sec. 212.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute provides for a mandatory milk production termination program to be carried out by the Secretary of Agriculture over an 18 month period. The program is to be implemented on April 1, 1986.

The program is to be formulated to achieve a reduction in milk production of 12 billion pounds during the period of operation. The program will provide for the termination of milk production by producers who agree, among other things (1) to sell for slaughter or export all dairy cattle in which the producer has an interest, and (2) during a period of three to five years after completition of such sale, not to acquire any interest in dairy cattle or the production of milk.

The Secretary of Agriculture will be required to promulgate regulations to ensure that greater numbers of dairy cattle are slaughtered as a result of the production termination program in each of the periods, April through August 1986, and March through August 1987, than for the other months of the program. To encourage a higher slaughter of dairy cattle during the period of March through August, the *Conference* substitute directs the Secretary to limit the number of dairy cattle slaughtered under the herd reduction program to no more than seven percent of the national dairy herd in addition to the normal dairy herd culling rate per calendar year. USDA statistics include a breakdown of the relationship of dairy cows marketed to beef cows marketed. Through the evaluation of such statistics, the Secretary will implement the orderly and timely flow of cattle that are marketed due to the production-termination program to reduce the effect of such program on red meat markets.

A producer who commenced marketing of milk in the 15 month period ending on March 31, 1986, shall be ineligible to participate in the program, except in the case of intrafamily transfers.

During each of calendar years 1988 through 1990, the Secretary is authorized to carry out a milk diversion or milk production termination program.

The Secretary must also take all feasible steps to minimize any adverse effect of any program under this provision on beef, pork, and poultry production in the United States.

The *Conference* substitute provides marketing and civil penalties for violations of milk production termination contracts and false statements. (Sec. 101.)

(b) Under the *House* bill, a producer seeking to enter a reduced production milk diversion contract, prior to entering the contract, would have to submit, to the Secretary, a plan that shows how the producer will achieve the reduction in milk marketings specified in the contract, including the producer's estimate of the amount of the reduction to be achieved through slaughter of dairy cattle and the approximate number of cattle to be sold for slaughter each month.

In setting the terms and conditions of milk diversion contracts, the Secretary would be required to take into account the adverse effects of diversion contracts on beef, pork, and poultry producers and take all feasible steps to minimize such effects.

Before the beginning of a period in which a milk diversion program is to be in effect, the Secretary would be required to estimate the number of dairy cattle that will be marketed for slaughter as a result of the program. The Secretary also would be required to specify marketing procedures, under contracts under the program, to ensure that not more than 40 percent of the number of dairy

cattle that he estimates will be marketed for slaughter (by producers participating in the program), in excess of the numer of dairy cattle they would market in the absence of the program, will be so marketed in January, February, September, October, November, and December of a full calendar year (or in January, February, and September of 1980). The procedures would have to ensure that the excess sales for slaughter occur on a basis that maintains historical marketing patterns. In addition, the Secretary would be required to limit the total dairy cattle slaughter rate under the program in excess of the historical dairy cow herd culling rate to no more than seven percent of the national dairy cow herd. (Sec. 212.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts provisions described in paragraph (a) above. (Sec. 101.)

(c) Under the *House* bill, the terms of reduced production milk diversion contracts would be similar to those in existing law in the 1984–1985 diversion program.

The contracts for production termination would provide that the producer must—

(A) sell for slaughter or export all the producer's dairy cattle;

(B) not acquire any interest in the production of milk during a period (from three to five years) specified by the Secretary, nor acquire (not make available to others) any milk production capacity that becomes available because of compliance by another producer under a production termination contract; and

(C) return the entire payment (with interest) if the producer fails to comply with the contract (Sec. 212.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts provisions described in paragraph (a) above. (Sec. 101.)

(d) Under the *House* bill, authority would be provided for the modification of reduced production milk diversion contracts, within the first month of the diversion period, if the Secretary determinates that the program would result in a reduction in the level of milk production below that required under the program or has caused a substantial hardship to beef, hog, or poultry producers. If a modification will be required to prevent an excessive reduction milk production, the Secretary could modify all contracts, on a uniform basis, to lessen the amount of reduction required under the contract. However, in acting to lessen the required reductions in milk marketings among all reduced production contracts, the Secretary could apportion, among contracts, changes in the reduction required so as to give preference to small or medium-sized producers who request that their reduction not be lessened. No modification to lessen required reductions could be apportioned on the basis of geographic region or area.

A producer who enters into a reduced production milk diversion contract could terminated the contract if the Secretary modifies the contract, as described above. (Sec. 212.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts provisions described in paragraph (a) above. (Sec. 101.)

(e) For purposes of a milk diversion program under the *House* bill, a producer's milk production base would be his marketings of milk for commercial use during the one-year period ending on September 1 prior to the start of the diversion. However, if the producer participated in a milk diversion program in effect for the prior calendar year, the producer's base would be the same base he had for the prior diversion program. If a diversion program is in effect for calendar years 1986 and 1987 and the producer participated in the diversion program in effect in fiscal years 1984 and 1985, the producer's base would be, at year 1982, increased by 2.2 percent, or (B) his average annual marketings during 1981 and 1982, increased by 2.2 percent.

Only producers who were marketing milk prior to fifteen months before the start of a milk diversion program would be eligible to receive a milk production base for purposes of the program. (Sec. 212.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts provisions described in paragraph (a) above. (Sec. 101.)

(f) Under the *House* bill, any person who (A) fails to make a reduction in the price of milk as required under the bill or fails to remit to the CCC the funds represented by a reduction, or (B) fails to reduce milk marketings as required under a reduced production milk diversion contract, would be liable for a marketing penalty. The penalty would be an amount equal to the then current support price for milk and be applied to the quantity of milk to which the failure applies. The Secretary could reduce any penalty if the violation is unintentional or without the knowledge of the person concerned.

A person who (A) buys dairy cattle for slaughter from a producer who has entered a milk diversion contract, knowing that the cattle are sold for slaughter, but (B) fails to have the cattle slaughtered within a reasonable time after receiving the cattle, would be subject to a civil penalty of not to exceed $5,000 per head.

All other knowing violations under the milk diversion program would be subject to a civil penalty of up to $1,000.

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts provisions described in paragraph (a) above. (Sec. 101.)

(g) Under the *House* bill, if a milk diversion program is to be in effect for calendar year 1986 and if the bill is enacted after November 1, 1985, then notwithstanding the provisions of the bill establishing deadlines for implementation of any such program, the Secretary would—

(A) establish the 1986 milk diversion program, and publish the information required under the program, not later than thirty days after the date of the enactment of the bill, and

(B) offer to enter into contracts under the program with producers until sixty days after the date of the enactment of the bill. (Sec. 212.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts an amendment as set forth in section (a) above. (Sec. 101.)

(7) Application of amendments

The *House* bill provides that the milk price support and milk diversion program provisions will not affect any liability of any person under the provisions of the Agricultural Act of 1949 relating to milk price support, reductions in minimum prices, and the dairy diversion program, as in effect before the date of the enactment of the bill. (Sec. 213.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with conforming amendments. (Sec. 108.)

(8) Avoidance of adverse effect of milk programs on beef, pork, and lamb producers

The *House* bill provides that, to minimize the adverse effect of a milk diversion program carried out during any year under the bill on beef, pork, and lamb producers in the United States, in such year—

(a) the Secretary of Agriculture must use section 32 funds, other funds available to the Department of Agriculture under the commodity distribution and other nutrition programs, and Commodity Credit Corporation funds to purchase and distribute 250 million pounds (or three-fourths of such amount in the case of the first 9 months of 1990) of red meat in addition to those quantities normally purchased and distributed by the Secretary;

(b) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, must use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies would be encouraged to cooperate in such an effort; and

(c) the Secretary must act to encourage the consumption of red meat by the public. (Sec. 214.)

The *Senate* amendment will require the Secretary to (a) take into account any adverse effect of reductions in milk production, under the milk program, on U.S. beef and pork producers, and (b) take all feasible steps to prevent such adverse effect. (Sec. 209.)

The *Conference* substitute adopts the House provision with an amendment that provides that, to minimize the adverse effect of the milk production termination program on beef, pork, and lamb producers during the period for which the milk production termination program is in effect, the Secretary of Agriculture shall use funds available to purchase 400 million pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary. The Secretary shall make such red meat purchases available for distribution in the quantity of 200 million pounds for domestic programs and 200 million pounds for use in export programs and military program consumption.

Such purchases cannot offset normal red meat purchases, and section 32 purchases cannot result in reducing purchases of other agricultural commodities by the Secretary through the section 32 program.

Purchases under these provisions should be made in recognition of the effect of the milk production termination program on the

beef, pork, and lamb industries, as well as traditional domestic consumption patterns. (Sec. 104.)

The *Conference* substitute also includes a provision that requires the Commodity Credit Corporation to establish and operate an export incentive program for dairy products. The program shall provide for the Corporation to make payments, on a bid basis, to an entity that sells for export United States dairy products. The Secretary shall have the discretion to accept or reject bids under such criteria as the Secretary deems appropriate. (Sec. 153.)

(9) Availability of nonfat dry milk to the domestic casein industry

The *House* bill will require the Commodity Credit Corporation to provide, annually, at least one million pounds of nonfat dry milk to individuals or entities on a bid basis. The CCC would have to take appropriate action to ensure that the nonfat dry milk sold under the bill is used only for the manufacture of casein. The bill also provides that, to promote the strengthening of the domestic casein industry, the CCC could accept bids on nonfat dry milk at lower than resale price for milk required under the Agricultural Act of 1949. (Sec. 215.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the House provision. (Sec. 105.)

(10) Casein study

The *House* bill will require the Secretary of Agriculture to conduct a study to determine whether casein imports tend to interfere with, or render ineffective, the milk price support program. The Secretary would be required to report to the agriculture committees of Congress on the results of the study not later than 60 days after the date of enactment of the bill. (Sec. 216.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 106.)

(11) Congressional evaluation of the cost of production schedule

The *House* bill states that it is the sense of Congress that the agriculture committees of Congress, two years after enactment of the bill, should—

(a) determine the cost of each of the items specified in the milk cost of production schedule contained in the bill, and the contribution of each of such items to the milk cost of production index used to determine the milk price support level, to assess the effect of each item on the level of price support for milk; and

(b) assess the effect of the milk cost of production index on the operation of the milk diversion program provided for under the bill. (Sec. 217.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute provides that the Secretary shall monitor Commodity Credit Corporation purchases of dairy products during the milk production termination program. The Secretary is directed to report to Congress on a quarterly basis regarding any disruptions in or attempts by handlers or cooperative marketing associations to circumvent the historical distribution of milk among

processors due to the implementation of the production termination program. (Sec. 107.)

It is the intent of the Conferees that the milk production termination program be appropriately implemented by the Secretary of Agriculture. The amendment is to prevent any weakening of the milk production termination program and to mimimize attempts to circumvent the purpose of the program.

(12) Dairy Research Endowment Institute and dairy product research order

(a) The *House* bill will establish a National Dairy Research Endowment Institute within the Department of Agriculture; provide for the issuance of a dairy products research order to be administered through the Institute; and establish a $100,000,000 Dairy Research Trust Fund in the Treasury, and require importers of dairy products during fiscal years 1986 and 1987 to pay assessments into the Fund, to provide funds to the Institute for activities under the order.

The function of the Institute would be to aid the dairy industry through (A) implementation of the dairy products research order (which its board of trustees would administer), and (B) use of moneys from the Dairy Research Trust Fund to implement the order. In implementing the order, the Institute would provide a permanent system for funding scientific research activities designed to facilitate the expansion of markets for milk and dairy products marketed in the 48 contiguous States. The Institute would be headed by a board of trustees composed of the members of the National Dairy Promotion and Research Board, and the board could appoint from among its members an executive committee whose membership, other than importers, would have to reflect equally each of the different regions in the 48 contiguous States in which milk is produced. (Sec. 221.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions with an amendment that makes the establishment of the Institute discretionary with the Secretary of Agriculture. (Sec. 121.)

(b) Not later than 30 days after receipt of a proposed dairy products research order, the Secretary of Agriculture would publish the proposed order in the Federal Register and give notice and reasonable opportunity for public comment on the proposed order. A proposed order could be submitted by an organization certified as eligible to represent milk producers for the purposes of the dairy promotion program, or by any interested person affected by the dairy promotion program.

After the Secretary complies with the notice and comment requirements, he would issue a dairy products research order, to become effective not later than ninety days after publication in the *Federal Register* of the proposed order, as described above.

A dairy products research order would provide for the establishment and administration, by the Institute, of appropriate scientific research activities designed to facilitate the expansion of markets for dairy products.

The order would specify the powers of the board, including the powers to—

(A) receive and evaluate, or on its own initiative develop and budget for, research plans or projects (including projects to improve dairy processing technologies, particularly those appropriate to small and medium-sized family farms);

(B) administer the order in accordance with its terms and provisions; and

(C) enter into agreements, with the approval of the Secretary, for the conduct of activities authorized under the order and for payment of the cost of such activities with any monies in the Fund other than monies deposited in the Fund by the Secretary.

The order would specify the duties of the Institute's board, including the duties to—

(A) develop, and to submit to the Secretary for approval before implementation, any research plan or project; and

(B) submit budgets (on a fiscal year basis) to the Secretary for approval. The budgets would cover the board's anticipated expenses and disbursements in the administration of the order, including projected costs of carrying out dairy products research plans and projects. (Sec. 221.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the House provision. (Sec. 121.)

(c) The order would require, during calendar years 1986 and 1987, importers of dairy products to pay an assessment on dairy product imports at a rate, established by the Secretary, that is equal to the part of any reduction in the price of milk received by domestic producers that is deposited into the Dairy Research Trust Fund, under the milk price support program for those years under the bill.

The provisions of the Dairy Production Stabilization Act of 1983 allowing persons subject to a milk promotion order to petition for relief from the order, providing jurisdiction for the Federal district courts to enforce orders, providing penalties for violations of orders, and generally providing the Secretary with authority to conduct investigations necessary for effective administration of the milk promotion order program would be made applicable to the dairy products research order program. (Sec. 221.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment which makes the issuance of the order discretionary with the Secretary. (Sec. 121.)

(d) The *House* amendment provides that the Dairy Research Trust Fund would be established in the U.S. Treasury, and $50 million of the amounts to be remitted to the CCC in each of the calendar years 1986 and 1987 (if there is a reduction in the price of milk triggered by the establishment of a milk diversion program for those years), as provided under the bill, along with assessments collected from importers, would be deposited in the Trust Fund. However, if $50 million is not available for either of those years under a reduction in the price of milk, the Secretary would transfer $50 million to the Trust Fund from the monies available to the Commodity Credit Corporation.

The monies transferred into the Trust Fund would be invested by the Secretary in interest-bearing accounts. The income from such

investments will be available to pay for the costs of research activities under the order. (Sec. 121.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment which makes the establishment of the Fund discretionary with the Secretary. (Sec. 121.)

(e) The *House* amendment provides that after September 30, 1991, the Secretary would be required, whenever the Secretary finds that the dairy products research order or any provision of the order obstructs or does not tend to facilitate the expansion of markets for milk and dairy products, to terminate or suspend the operation of the order or provision. If the Secretary terminates the order, the Institute would be dissolved 180 days after termination of the order. If the Institute is dissolved, the moneys remaining in the Trust Fund would be disposed of as agreed to by the Institute's board and the Secretary.

The *House* bill could not be construed to preempt or supersede any other program relating to dairy research organized and operated under the laws of the United States or any State. (Sec. 221.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment deleting the reference to September 30, 1991. (Sec. 121.)

(13) Dairy promotion order program

The *House* bill will make several changes in the dairy promotion order program under the Dairy Production Stabilization Act of 1983 to—

(a) expand the scope of the order to include activities to maintain and expand markets for imported dairy products as well as fluid milk and dairy products produced domestically;

(b) require that the order contain a provision for the appointment of one or more importers of dairy products to the National Dairy Promotion Board, which administers the order. The number of importers appointed to the Board would be established on a proportional basis, taking into account the amount of dairy products imported into the United States, except that at least one importer would have to be appointed to the Board;

(c) require that the order contain a provision for the imposition of an assessment on each importer of dairy products based on the amount of dairy products imported by the importer, with the rate of assessment being 15 cents for each hundredweight of milk equivalent;

(d) require that the order contain provisions imposing, on importers of dairy products, the recordkeeping and reporting requirements currently applicable to milk handlers and producer-handlers under the order; and

(e) give importers of dairy products the right to vote in referendums on whether to terminate or suspend the order. (Sec. 222.)

The *Senate* amendment contains no comparable provisons.

The *Conference* substitute deletes the *House* provision.

(14) Minimum price differentials

The *House* bill will amend section 8c(5)(A) of the Agricultural Adjustment Act, to revise the milk marketing order program. New provisions would be added to section 8c(5)(A), which now provides that milk marketing orders must contain terms and conditions for (a) classifying milk in accordance with the form in which, or the purpose for which, it is used, and (b) fixing, or providing a method for fixing, minimum prices for each use classification. Section 8c(5)(A) also now provides that minimum prices must be uniform as to all handlers, subject only to adjustments for (a) volume, market, and production differentials customarily applied by the handlers subject to the order, (b) grade or quality, and (c) the locations at which delivery is made.

The new added provisions under the *House* bill would specify the minimum aggregate amount of the adjustments (for (a) volume, market, and production differentials customarily applied and (b) grade or quality) to prices for milk of the highest use classification (the "Class I differential") for the 44 milk marketing orders. Each marketing area subject to an order is listed in the *House* bill, along with the minimum Class I differential, specified in dollars and cents, to be applicable to the area.

The minimum Class I differentials specified in the bill would be in effect for the two-year period starting with the first day of the first month beginning more than 120 days after the date the bill is enacted. Further, the specified differentials would continue in effect after the two-year period expires unless modified by amendment to the order involved.

The new provisions also provide that, at the beginning of the two-year effective period, the minimum prices for Class I milk would have to be adjusted for the locations at which delivery of Class I milk is made to handlers. (Sec. 231.)

The *Senate* amendment contains two provisions addressing milk price differentials as follows:

(a) The Secretary would be required to conduct a study of the differentials used to adjust the minimum price for Class I milk, with particular emphasis on the differentials used for the locations at which milk is delivered to handlers. The results of the study, along with any legislative recommendations, would have to be submitted to the agriculture committees of Congress within one year after enactment of the bill. (Sec. 206.)

(b) The *Senate* amendment states the sense of the Senate that any adjustment, under section 8c(5)(A), to the price received for Class I milk produced under Federal milk marketing orders be made only through regulations issued by the Secretary. (Sec. 211.)

The *Conference* substitute adopts the *House* provision. (Sec. 131.)

(15) Cooperative association representation

The *House* bill will revise the provisions of section 8c(17) of the Agricultural Adjustment Act, which permit one-third or more of the producers supplying milk under a Federal milk marketing order to petition for a hearing on a proposed amendment to the order, to permit a cooperative to act for its members in the application for the hearing. (Sec. 233.)

The *Senate* amendment contains no comparable provision.
The *Conference* substitute deletes the *House* provision.

(16) Marketwide service payments

The *House* bill will provide for the inclusion of a new provision in milk marketing orders, relating to marketwide service payments. The new provision in orders would provide for the payment, from the total sums payable by all handlers for milk and before computing uniform prices and making adjustments in payments, to handlers who are cooperative marketing associations and to handlers with respect to whom adjustments in payments are made, for services of marketwide benefit including, but not limited to—

(a) providing facilities to furnish additional supplies of milk needed by handlers and to handle and dispose of milk supplies in excess of quantities needed by handlers;

(b) handling—on specific days—quantities of milk that exceed the quantities needed by handlers; and

(c) transporting milk from the one location to another for the purpose of fulfilling requirements for milk of a higher use classification or for providing a market outlet for milk of any use classification. (Sec. 234.)

The *Senate* amendment contains no comparable provisions.
The *Conference* substitute adopts the *House* provision. (Sec. 133.)

(17) National Commission on Dairy Policy

(a) The *House* bill states that it is to be the policy of Congress to respond to new technologies in the milk production industry by reviewing the present milk price support program and its alternatives, and by adopting policies that are needed to prevent significant surplus production in the future while ensuring that the current small and medium-sized family farm structure of the industry will be preserved. (Sec. 241.)

The *Senate* amendment contains no comparable provisions.
The *Conference* substitute adopts the *House* provision. (Sec. 141.)

(b) The *House* bill will establish a temporary National Commission on Diary Policy to study and make recommendations concerning the future operation of the Federal milk price support program. The Commission would be composed of eighteen members who are engaged in the commercial production of milk in the United States, to be appointed by the Secretary of Agriculture. Not fewer than twelve members would be appointed from nominations submitted to the Secretary by the Chairman and ranking minority member of the congressional agriculture committees. Each such Member of Congress would make at least eighteen nominations for appointment to the Commission, but not more than two nominations for any particular vacancy on the Commission. The Secretary would appoint at least three individuals from among the nominations submitted by each Member of Congress. Each member of the Commission would represent a milk-producing region of the United States. The Commission would elect a chairman from among the members of the Commission, and would meet at the call of the chairman or a majority of the members. (Sec. 242.)

The *Senate* amendment contains no comparable provisions.
The *Conference* substitute adopts the *House* provision. (Sec. 142.)

(c) The Commission will study—

(A) the current federal price support program for milk, alternatives to the program, and the future functioning of the program;

(B) new technologies that will become a part of the milk production industry before the end of this century;

(C) the effect that developing technologies will have on surplus milk production; and

(D) the future structure of the milk production industry.

On the basis of its study, the Commission would make findings and develop recommendations for consideration by the Secretary and Congress with respect to the future operation of the Federal price support program for milk. A report containing the results of the Commission's study, and recommendations based on such results, would be submitted to the Secretary and Congress by March 31, 1987. Thirty days after the submission of such report, the Commission will be dissolved. (Secs. 243 and 246.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision. (Sec. 143.)

(d) The heads of executive agencies, the General Accounting Office, the Office of Technology Assessment, and the Congressional Budget Office, to the extent permitted by law, would provide information that the Commission requires to carry out its duties and functions. To the extent there will be sufficient funds available to the Commission, it could hire a staff. On the request of the Commission, the heads of executive agencies, the General Accounting Office, and the Office of Technology Assessment could furnish the Commission with personnel and support services necessary to assist the Commission to carry out its duties and functions. The Commission would not be required to pay or reimburse an agency for personnel and support services so provided. The Commission would be exempt from provisions of the Federal Advisory Committee Act relating to pay scales, oversight by Federal officials, and termination of advisory committees, and the employee evaluation requirements of the United States Code. (Sec. 244.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision. (Sec. 144.)

(e) Following the appointment or designation of the members of the Commission, the Secretary could receive, on behalf of the Commission, from persons, groups, and entities within the United States, contributions to assist the Commission to carry out its duties and functions. In no event could the Secretary accept an aggregate amount of contributions from any one person, group, or entity exceeding 10 percent of the budget of the Commission. If the contributions were insufficient for the Commission's work, the Secretary could transfer to the Commission, from funds available to the Commodity Credit Corporation, an amount not to exceed $1,000,000. (Sec. 245.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts House provision. (Sec. 145.)

(18) Study of milk price support payment limitations

The *Senate* amendment will require the Secretary to conduct a study of the feasibility and desirability of limiting annual pay-

ments under the milk program to $50,000 per person. The Secretary would have to submit the results of the study, along with any recommendations for legislation or regulations, to the agriculture committees of Congress not later than one year after the bill is enacted. (Sec. 207.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(19) Accurate ingredient disclosure on labels

The *Senate* amendment states the sense of the Senate that (a) the Secretary must promulgate standards requiring accurate disclosure, on the label of food products under the jurisdiction of the Department of Agriculture, of a description of each ingredient in the product, and (b) the Secretary must require prominent disclosure of the presence of imitation dairy products. (Sec. 208.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes *Senate* provision.

Title II—Wool and Mohair

(1) Effective period

The provisions of the *House* bill extending the wool and mohair price support programs will be effective for five years, until December 31, 1990. (Sec. 301.)

The provisions of the *Senate* amendment similarly extending the price support programs will be effective for four years, until December 31, 1989. (Sec. 301(1).)

The *Conference* substitute adopts the *House* provision.

(2) Payment limitation

The *Senate* amendment will impose a limitation on the amount of payments a person can receive under the wool and mohair programs for any marketing year. The annual limitation would be $50,000. The *Senate* amendment also specifically will require the Secretary of Agriculture to issue regulations (a) defining the term "person" for the purposes of the limitation, and (b) prescribing rules that will ensure a fair and reasonable application of the limitation. The regulations issued by the Secretary on December 18, 1970, would be used to determine whether a corporation and its stockholders are separate persons for the purpose of the limitation. (Sec. 301(2).)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

Title III—Wheat

(1) Wheat marketing quotas

(a) The *Senate* amendment requires the Secretary of Agriculture, not later than April 1, 1986, to conduct, by mail, a poll of producers who produced wheat in at least one of the 1981 through 1985 crops to determine whether such producers favor the proclamation of marketing quotas for wheat for the 1987 through 1989 marketing years and the conduct of a marketing quota referendum for such period.

If more than 50 percent of the eligible producers responding to the poll favor the proclamation of marketing quotas and the conduct of a referendum, the Secretary must (A) proclaim national marketing quotas for wheat for each of the 1987 through 1989 marketing years not later than June 15 of the calendar year preceding such period and (B) conduct, by mail ballot, a referendum not later than August 1 of the calendar year preceding such period.

The quantity of the national marketing quota for wheat for any marketing year would be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary must adjust or terminate the national marketing quota. (Sec. 401.)

The *House* bill contains no comparable provision.

(Note: See item (3) under title X (General Commodity Provisions) for House provisions repealing the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938.)

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

In addition, the Secretary is required to conduct, by mail, not later than July 1, 1986, a poll of wheat producers who produced wheat in at least one of the 1981 through 1985 crops on a farm having a minimum crop base of 40 acres for each crop surveyed, to determine producer support for mandatory limits on production that would result in commodity prices no lower than 125 percent of the cost of production, excluding land and residual returns to management, as determined by the Secretary.

The poll shall be conducted in such manner as will reflect the type and size of farm operations, including livestock, distinctions among types and classes of grain produced, and such demographic and other information as the Secretary determines is necessary to reflect State, regional, and national responses.

(The conferees note that the Secretary may conduct a similar poll of producers who produce feed grains.)

(b) The *Senate* amendment requires the Secretary to establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed. The apportionment factor would be determined by dividing the national marketing quota for the crop of wheat by the average number of bushels of wheat the Secretary determines was produced in the United States during the 1981 through 1985 marketing years. The average bushels of wheat produced may be adjusted to reflect (A) drought, flood, or other natural disaster, or other conditions beyond the control of producers, and (B) participation in any acreage reduction, set-aside, or diversion programs for wheat during 1981 through 1985. (Sec. 402.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(c) The *Senate* amendment requires the Secretary, if marketing quotas have been proclaimed for a crop, to establish, by July 15 of the calendar year preceding the crop year, a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during 1981 through 1985.

The farm marketing quota would be equal to (A) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during 1981 through 1985, multiplied by (B) the average yield per acre of wheat planted for harvest, or considered planted for harvest, on the farm during such period, multiplied by (C) the marketing quota apportionment factor.

Wheat would be considered to have been planted for harvest on the farm in any crop year to the extent wheat was not planted for harvest (A) because of drought, flood, or other natural disaster, or other condition beyond the control of the producer, or (B) because the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop year. (Sec. 403.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(d) The *Senate* amendment provides that the marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the preceding marketing year. Provisions are contained relating to payment of the penalty, false certification of planted acreage, joint liability for the penalty, carryover of wheat subject to a marketing quota from one year to the next, collection of the penalty, deposit of penalties collected in the Treasury, refund of overpayments, liability for interest on penalties due. (Sec. 404.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(e) The *Senate* amendment provides that, if a national marketing quota for wheat is proclaimed for the 1987 through 1989 crops, the Secretary must conduct, by mail ballot, a referendum of producers who produced wheat in at least one of the 1981 through 1985 crops to determine whether they favor or oppose marketing quotas for the 1987 through 1989 crops. If 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary must proclaim that marketing quotas will be in effect for that period. (Sec. 405.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(f) The *Senate* amendment provides that farm marketing quotas are not transferable, except that such quotas, or any portion of a

quota, for a marketing year may be voluntarily surrendered to the Secretary by the producer. The Secretary may reallocate any quota so surrendered to other farms having a farm marketing quota on such basis as the Secretary determines. (Sec. 406.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(2) Wheat loan rates

(a) The *Senate* amendment provides that for any crop of wheat for which marketing quotas are in effect the loan and purchase level shall not be less than the higher of (A) 75 percent of the national average cost of production per bushel of wheat, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (excluding residual returns for management and risk), or (B) $3.55 per bushel. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(b) The House bill requires the Secretary of Agriculture, unless the Secretary opts to make available recourse loans described in paragraph (c) below, to make available to producers loans and purchases for the marketing years for the 1986 through 1990 crops at a level not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any year may not be less than 95 percent of the level for the preceding year as determined prior to any reduction under the next sentence. If the Secretary determines that (A) the average price of wheat received by producers in the previous marketing year was not more than 105 percent of the loan and purchase level for wheat for such marketing year, or (B) the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the loan and purchase level as necessary to maintain domestic and export markets for grain, but not to a level that is less than 80 percent of the level determined under the preceding sentence. Nonrecourse loans under this provision could be made only on an amount of wheat produced on the farm equal to the acreage planted for harvest times the farm's program yield for the crop. (Sec. 401.)

The *Senate* amendment requires the Secretary, if marketing quotas are not in effect, to make available to producers loans and purchases for the 1986 crop of wheat at a level of not less than $3.00 per bushel and for the 1987 through 1989 crops at not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any of the 1987 through 1989 crops may not be reduced by more than 5 percent from the level for the preceding crop. If the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for such marketing year, the

Secretary may reduce the loan and purchase level for the next marketing year as necessary to maintain domestic and export markets for grain, but not by more than 20 percent in any year. Any reduction under the preceding sentence may not be considered in determining the loan and purchase level for subsequent years. (Sec. 407.)

The *Conference* substitute requires the Secretary, if marketing quotas are not in effect, to make available to producers loans and purchases for the 1986 crop of wheat at a level of not less than $3.00 per bushel and for the 1987 through 1990 crops at not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any of the 1987 through 1990 crops may not be reduced by more than 5 percent from the level for the preceding crop.

If the Secretary determines that (A) the average price of wheat received by producers in the previous marketing year was not more than 110 percent of the loan and purchase level for wheat for such marketing year, or (B) the loan level computed under the foregoing provisions would discourage the exportation of wheat and cause excessive stocks of wheat in the United States, the Secretary may reduce the loan and purchase level as necessary to maintain domestic and export markets for grain, but not by more than 20 percent in any one year. For the 1986 crop of wheat the Secretary is required to reduce the loan and purchase level by not less than 10 percent of the loan and purchase level for such crop. Any such reduction, including 1986, may not be considered in determining the loan and purchase level for subsequent years.

(c) The *House* bill authorizes the Secretary, if the Secretary does not make nonrecourse loans as described in paragraph (b) above, to make available *recourse* loans to producers for each of the marketing years for the 1986 through 1990 crops at a level not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any year may not be less than the 95 percent of the level for the preceding marketing year. The maximum term for a recourse loan under this provision would be 270 days. (Sec. 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(d) The *House* bill authorizes a producer to repay a *recourse* loan at a level, per bushel, that is the lesser of (A) the original loan level, or (B) at any time through the maturity date of the loan that the producer redeems the wheat under loan: (i) the then current State monthly weighted average market price for wheat, adjusted for each county, or (ii) the then current State weekly or daily weighted average market price for wheat, adjusted for each county, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers. (Sec. 401.)

The *Senate* amendment requires the Secretary to permit repayment at (A) original loan level, or (B) the higher of (i) 70 percent of the original loan level, (ii) if the loan level is reduced because in

the previous year the average producer price did not exceed 110 percent of the loan rate, 70 percent of the loan level that would have been in effect but for such a reduction, or (iii) the prevailing world market price. The Secretary is required to prescribe by regulation a formula to define the prevailing world market price for wheat and a mechanism for announcing periodically such world market price. (Sec. 407.)

The *Conference* substitute adopts the *Senate* provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(e) Note: See item (6) of title X (General Commodity Provisions) relating to a nonrecourse loan limit for wheat.

(3) Loan deficiency payments

The *Senate* amendment authorizes the Secretary of Agriculture, for each of the 1986 through 1989 crops of wheat, to make payments available to producers who, although eligible to obtain a wheat loan or purchase agreement, agree to forgo obtaining such loan or agreement in return for such payments. Such a payment is computed by multiplying the loan payment rate by the quantity of wheat the producer is eligible to place under loan. For purposes of this provision, the quantity of wheat eligible to be placed under loan may not exceed the individual farm program acreage for the crop multiplied by the farm program payment yield established for the farm. The loan payment rate is the amount by which the loan level determined for the crop exceeds the level at which a loan may be repaid. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision except that the provision will apply to the 1986 through 1990 crops of wheat.

(4) Wheat target prices

(a) The *Senate* amendment provides that for any crop of wheat for which marketing quotas are in effect the established price shall not be less than the higher of (A) the national average cost of production per bushel of wheat using the same factors as for determining the loan rate if marketing quotas are in effect, or (B) $4.65 per bushel. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(b) The *House* bill provides that the established price for the 1986 and 1987 crops of wheat shall be $4.38 per bushel. For each of the 1988 thorugh 1990 crops, the established price shall be a price determined by the Secretary of Agriculture that is not less than 110 percent nor more than 125 percent of the simple average price received by farmers during the marketing years for the 5 preceding crops, excluding the high and low years, except that (A) the established price may not be set at a level that is less than 95 percent of the established price for the preceding crop, and (B) the established price may not be set at a level that is less than the level for the preceding crop unless the Secretary certifies to Congress when the program is announced that the cost of production for such crop of wheat for all producers, as estimated by the Economic Research

Service in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 percent below the cost of production for the preceding crop of wheat for all producers. (Sec. 401.)

The *Senate* amendment provides that for any of the 1986 through 1988 crops of wheat for which marketing quotas are not in effect, with the exceptions noted below, the established price applicable to producers shall be not less than an amount determined on the basis of the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm under an acreage limitation program as provided in the following table:

Acreage percentage	Limitation 1986 crop	Minimum established price	
		1987 crop	1988 crop
10			$3.80.
15	$4.20	$3.95	3.95.
20	3.85 on the first 2,000 bushels	3.66 on the first 2,000 bushels	3.66 on the first 2,000 bushels.
	4.65 on the next 18,000 bushels	4.42 on the next 18,000 bushels	4.42 on the next 18,000 bushels.
	4.15 on more than 20,000 bushels	3.94 on more than 20,000 bushels	3.94 on more than 20,000 bushels.
25	4.60	4.35	4.35.
30	4.85	4.60	4.55.
35	5.15	4.85	
40	5.50	5.20	

In determining the established price applicable to a portion of a crop, the determination shall be made on the basis of the farm program acreage and the farm program payment yield.

In the case of producers who produce less than 2,000 bushels of wheat in such a crop year, who choose the 20 percent acreage reduction percentage, and who have gross annual sales of agricultural commodities of more than $20,000, the established price shall not be less than $4.65 per bushel for the 1986 crop and $4.42 per bushel for the 1987 and 1988 crops.

Also, in the case of producers who produce less than 2,000 bushels of wheat in such a crop year, who choose any of the acreage reduction percentages in the above table, and who have gross annual sales of agricultural commodities of less than $20,000, the established price shall not be less than $3.85 per bushel.

For the 1989 crop of wheat, if marketing quotas are not in effect, the established price shall be set at a level determined by the Secretary taking into consideration supply and demand for wheat, program costs, and other appropriate factors, except that the established price may not be less than 85 percent of the established price for the 1985 crop of wheat. (Sec. 407.)

The *Conference* substitute provides that when marketing quotas are not in effect the established price for the 1986 and 1987 crops of wheat shall be $4.38 per bushel. The established price for the 1988 crop may not be set at a level that is less than 98 percent of the established price for the 1986 and 1987 crops, and; the established price for the 1989 crop may not be set at a level that is less than 95 percent of the established price for the 1986 and 1987 crops, and; the established price for the 1990 crop may not be set at

a level that is less than 90 percent of the established price for the 1986 and 1987 crops, or $4.00, whichever is higher.

The *Conference* substitute further provides that the Secretary is authorized, at his discretion, for any of the 1986 through 1988 crops of wheat for which marketing quotas are not in effect, to formulate flexible and optional programs with respect to the established price for a crop of wheat under which the established prices applicable to producers on a farm depends upon the percentages, as specified by the Secretary, by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm. In addition, the Secretary may formulate a program by which the established price for wheat is determined in relation to the number of bushels produced on a farm.

(c) The *Senate* amendment requires the Secretary for the 1987 crop, if marketing quotas are not in effect, to make in-kind payments (in wheat) to producers in such amounts as will ensure that the effective established price for the 1987 crop for the acreage reduction percentage selected by the producers on a farm will not be less than the established price applicable to the same acreage reduction percentage for the 1986 crop. For the 1988 crop, the Secretary is required to make in-kind payments (in wheat), or cash payments to the extent wheat owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price for the 1988 crop for the acreage reduction percentage selected by the producers will not be less than the cash established price applicable to the equivalent acreage reduction percentage for the 1987 crop. If there is no equivalent acreage reduction percentage for the preceding crop, such payments would be made in amounts the Secretary determines fair and equitable in relation to the established price for the acreage reduction most equivalent to the acreage reduction selected by the producers. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute provides that up to 5 percent of the total deficiency payment may be made in commodities at the discretion of the Secretary.

(d) The *House* bill provides that if the Secretary reduces the loan and purchase level based on low market prices or the world market and supply situation, the Secretary must provide emergency compensation by increasing the established price payments for wheat by such amount as necessary to provide the same total return to producers as if the reduction had not been made. The Secretary is to use the national weighted average market price, per bushel of wheat, received by farmers during the marketing year (instead of the average price received during the first 5 months of the marketing year) in determining the payment rate for such established price payments. Payments under this provision would not be subject to the payment limitation. (Sec. 401.)

The *Senate* amendment contains no comparable provision, but see item (f) below relating to the payment rate.

The *Conference* substitute adopts the House provision.

(e) The *House* bill provides that whenever an acreage limitation program is in effect for a crop of wheat, if producers on a farm devote a portion of the farm's permitted wheat acreage (base minus acreage reduction) equal to more than 5 percent of the farm's

wheat crop acreage base for the crop to conservation uses or nonprogram crops, the portion of the wheat permitted acreage in excess of 5 percent of the base that is devoted to conservation uses or nonprogram crops would be considered as part of the farm's wheat program acreage and the producers would be eligible for target price payments on such acreage if the producers actually plant wheat for harvest on at least 50 percent of the farm's wheat crop acreage base. The farm's wheat crop acreage base and wheat program yield would not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops. Other than under this exception, target price payments would be made only on acreage actually planted to wheat for harvest. (Sec. 401.)

The *Senate* amendment provides that whenever the producer reduces the acreage of wheat planted for harvest from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage, or an acreage limitation program is in effect, if the producer plants at least 50 percent of the acreage base (reduced by the percentage recommended by the Secretary) or the permitted wheat acreage, as the case may be, to wheat or a nonprogram crop, any portion of the acreage base (reduced by the percentage recommended by the Secretary) or the permitted wheat acreage, as the case may be, that is devoted to conserving uses or nonprogram crops would be considered as part of the individual farm program acreage, and the producer would be eligible for deficiency payments with respect to such acreage. Such acreage would also be considered to be planted to wheat. However, this provision would not apply to producers who reduce their wheat acreage by more than 20 percent under an acreage limitation program. For purposes of this provision, a "nonprogram" crop means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans. (Sec. 407.)

The *Conference* substitute adopts the Senate provision with a modification which provides that the producer would be eligible for 92 percent of the deficiency payments otherwise applicable, if at least 50 percent of the permitted acres are planted to wheat. If the Secretary announces a flexible established prices and acreage limitation option, this provision would not apply.

(f) The *House* bill provides that the payment rate is the amount by which the established price for the crop (less 13 cents per bushel if the Secretary establishes a wheat export certificate program for the crop (see item (23) under title X)) exceeds the higher of—

(A) the national weighted average market price received by farmers during the first 5 months of the marketing year for the crop, or

(B) the loan level determined for the crop prior to any adjustment based on low market prices or the world market and supply situation. (Sec. 401.)

The *Senate* amendment provides that the payment rate is the amount by which the established price for the crop exceeds the higher of—

(A) the lower of—

(i) the national weighted average market price received by farmers during the marketing year for such crop, or

(ii) $2.55 per bushel in the case of the 1986 crop, $2.65 per bushel in the case of the 1987 crop, and $2.82 per bushel in the case of the 1988 crop, or

(B) the loan level determined for the crop. (Sec. 407.)

The *Conference* substitute adopts both the *House* and *Senate* provisions, except that the Secretary is authorized to carry out the *Senate* provision at his discretion.

(g) The *Senate* amendment provides that payments for any crop of wheat for which marketing quotas are in effect may not exceed an amount equal to the payment rate multiplied by the farm marketing quota. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(5) Disaster payments

The *House* bill provides that prevented planting disaster payments for wheat may be made in the form of cash or from stocks of wheat held by the Commodity Credit Corporation. (Sec. 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(6) National program acreage

The *House* bill requires the Secretary of Agriculture to proclaim the national program acreage for each crop of wheat by May 1 of each calendar year for the crop harvested in the next succeeding calendar year. (Sec. 401.)

The *Senate* amendment requires this proclamation to be made by July 1. (Sec. 407.)

The *Conference* substitute adopts the *House* provision with a modification requiring the Secretary to make a preliminary announcement by June 1, with authorization to make adjustments in the announced program not later than July 31.

(7) Individual farm program acreage

The *Senate* amendment provides that for any crop of wheat for which marketing quotas are in effect the individual farm program acreage shall be the acreage on the farm that the Secretary of Agriculture determines is sufficient to produce the quantity of wheat equal to the marketing quota established for the farm. (Sec. 407).

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(8) Farm program yields

(See item (2)(f) relating to acreage base and program yield system under title X (General Commodity Provisions).)

(9) Wheat acreage limitation and set-aside program

(a) The *House* bill requires the Secretary of Agriculture to announce any wheat acreage limitation or set-aside program by May 1 prior to the calendar year in which the crop is harvested. (Sec. 401.)

The *Senate* amendment requires announcement of any acreage limitation program by July 1. (Sec. 407.)

The *Conference* substitute adopts the *House* provision with a modification requiring the Secretary to make a preliminary announcement by June 1, with authorization to make adjustments in the announced program not later than July 31.

(b) The *House* bill requires the Secretary to provide for an acreage limitation program for the 1986 crop of wheat under which the acreage on the farm planted to wheat for harvest would be limited to the wheat crop acreage base reduced by 30 percent. However, in the case of producers who plant the 1986 crop before the acreage limitation program announcement for that crop, the Secretary must provide for a combination of a 20 percent acreage limitation program and a 10 percent paid diversion program. Payments under the paid diversion program would be calculated by multiplying the diversion payment rate ($2.00 per bushel) by the diverted acreage by the farm's wheat program yield.

With respect to any of the 1987 through 1990 crops of wheat, if the Secretary estimates—not later than May 1 of the year prior to the calendar year for that crop will exceed 800 million bushels, the Secretary would be required to provide for a 20 percent acreage limitation program and could provide for a paid diversion program or an additional acreage limitation program for any reduction above 20 percent.

Any wheat acreage limitation would be achieved by applying a uniform percentage reduction to the wheat crop acreage base for the crop for each wheat-producing farm.

As a condition for eligibility for price support loans and target price payments for any crop for which a mandatory acreage reduction program applies, producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program. (Sec. 401.)

The *Senate* amendment, in the case of each of the 1986 through 1988 crops of wheat for which marketing quotas are not in effect, requires the Secretary to provide for an acreage limitation program under which producers would select the percentage reduction to be applied to the wheat acreage base that is specified in the established price tables as follows:

Acreage limitation percentages		
1986 crop	1987 crop	1988 crop
.....	.....	10
15	15	15
20	20	20
25	25	25
30	30	30
35	35	.....
40	40	.....

(Note: See item (9) under title X (General Commodity Provisions) for a provision authorizing a 5 percent increase in the acreage limitation percentages if estimated wheat carryover would be more than 33 percent of annual wheat usage.)

In the case of the 1989 crop of wheat if marketing quotas are not in effect the Secretary is prohibited from providing for an acreage limitation program. (Sec. 407.)

The *Conference* substitute authorizes the Secretary to establish wheat acreage limitation, set-aside, and paid land diversion programs.

In crop year 1986 an acreage limitation program shall be in effect if triggered by projected carryin stocks greater than 1 billion bushels of wheat, and in such event shall be no less than 17.5 percent. In such instance, 2.5 percent of the acreage limitation must be paid with commodities. In addition, the Secretary is required to offer a 10 percent cash paid diversion program at $2.00 per bushel to those wheat producers who planted wheat prior to the final announcement of the 1986 wheat program. In no instance shall the wheat acreage limitation program for 1986 be greater than 25 percent.

In crop year 1987 an acreage limitation program shall be in effect if triggered by projected carryin stocks greater than 1 billion bushels, and in such event shall be no less than 20 percent, and no greater than 27.5 percent.

In crop years 1988 through 1990 acreage limitation programs shall be in effect if triggered by projected carryin stocks greater than 1 billion bushels, and in such event shall be no less than 20 percent, and no greater than 30 percent.

In the event carryin stocks of 1 billion bushels of wheat are not attained, the acreage limitation may not be greater than 15 percent in 1986 and 20 percent in 1987 through 1990.

For crop years 1986 through 1990 the Secretary is authorized to offer at his discretion voluntary paid land diversion programs at such levels as he determines.

It is the intent of the conferees that, whenever the Secretary announces an acreage reduction program, he must send a report to the House and Senate agriculture committees. The report is to contain an economic analysis of the effect of the size of the acreage reduction program on the farm economy—including, in particular, the effect of the program on farm income. In addition to the effect of the program on farm income, the analysis is to take into account the effect of the size of the program on farm input and agricultural processing industries, livestock producers, consumers of agricultural products, agricultural trade, jobs, tax revenues, and farm production efficiencies. (For the purposes of the report and analysis, the term "acreage reduction program" includes any set-aside, paid diversion, payment-in-kind, or acreage limitation program of any kind (except conservation acreage reserve) administered by the Secretary.)

(c) (For differences concerning acreage bases see item (2)(e) relating to acreage base and program yield system under title X (General Commodity Provisions).)

(d) The *House* bill authorizes the Secretary to establish an acreage limitation or a set-aside program for any crop for which an acreage limitation program is not required as specified above. If a set-aside program is announced, then as a condition of eligibility for loans and target price payments for a crop of wheat, the producer must set aside and devote to conservation uses an acreage of

cropland on the farm equal to a percentage (specified by the Secretary) of the acreage on the farm planted to wheat for harvest. If a set-aside is announced, the Secretary could also limit the acreage planted to wheat, such limitation to be applied on a uniform basis to all wheat-producing farms. The Secretary may make adjustments in individual set-aside acreages to correct for abnormal factors affecting production and to give due consideration to crop-rotation practices, types of soil, soil and water conservation measures, topography, and other factors the Secretary deems necessary. (Sec. 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(e) The *Senate* amendment requires the Secretary to permit, at the request of the State ASC committee for a State and subject to such terms and conditions as the Secretary may prescribe, acreage required to be diverted from production by participating producers in such State to be devoted to (A) haying and grazing for the 1986 crop, and (B) grazing for the 1987 through 1989 crops. Haying and grazing may not be permitted, however, for any crop of wheat during any 5-consecutive-month period that is established for such crop for a State by the State ASC committee. (Sec. 407.)

The *House* bill, in a provision applicable to wheat, feed grains, upland cotton, and rice, requires the Secretary to permit producers in any State who participate in any acreage limitation, set-aside, or land diversion program for such commodity to devote acreage diverted from production under such a program to haying and grazing during the 8 months of each year selected by the State ASC committee for such State, except that a producer may not sell any hay or other crop harvested from the acreage devoted to haying and grazing under this provision. (Sec. 1017.)

The *Conference* substitute adopts the *Senate* provision.

(f) The *House* bill authorizes the Secretary to pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. (See 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(g) The *House* bill authorizes the Secretary in carrying out any acreage limitation, set-aside, or paid diversion program to prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national program targets. (Sec. 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(10) Inventory reduction payments

The *Senate* amendment authorizes the Secretary, for each of the 1986 through 1989 crops of wheat, to make payments available to producers who (A) agree to forgo obtaining a loan or purchase agreement for wheat, (B) agree to forgo receiving wheat deficiency payments, (C) do not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be di-

verted from production under an acreage limitation program, and (D) otherwise comply with the wheat program. Such payments would be made in the form of wheat owned by the Commodity Credit Corporation and would be subject to the availability of such wheat. Payments would be determined in the same manner as for loan deficiency payments, that is by multiplying the quantity of wheat the producer is eligible to place under loan by the amount by which the loan level determined for the crop exceeds the level at which a loan may be repaid. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision except that the provision will apply to the 1986 through 1990 crops of wheat.

(11) Cross compliance

The *House* bill provides that compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under the wheat program if an acreage limitation program is established, but may be required if a set-aside program is established. (Sec. 401.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute provides the Secretary with authority to require compliance on a farm with the terms and conditions of any other commodity program as a condition of eligibility for loans, purchases, or payments under the wheat program if an acreage limitation program or set-aside is established, but only to the extent that producers who participate in any acreage limitation program or set-aside may not expand acreage of another crop for which there is an acreage limitation or set-aside in effect.

(12) Safeguarding tenants and sharecroppers

The *Senate* amendment requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers. (Sec. 407.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(13) Loan and deficiency payment rate study

The *Senate* amendment requires the Secretary of Agriculture to conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (A) hard red winter wheat, (B) soft red winter wheat, (C) hard red spring wheat, (D) white wheat, and (E) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act. Within 18 months after the date of enactment of the bill, the Secretary would be required to report the results of the study, together with recommendations for legislation, to the House and Senate agriculture committees.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the House provision.

(14) Targeting of wheat deficiency payments

The *Senate* amendment makes certain findings relating to family farms and states the sense of the Senate that the Senate conferees

should work toward targeting, to the maximum extent practicable, the benefits of wheat deficiency payments to family farms that rely on agriculture for their primary source of income and should take into consideration producers whose wheat production may be minimal but who rely on agriculture for their primary source of income. (Sec. 413.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the House provision.

Title IV—Feed Grains

(1) Feed grain loan rates

(a) The *House* bill requires the Secretary of Agriculture, unless the Secretary opts to make available recourse loans described in paragraph (b) below, to make available to producers loans and purchases for the marketing years for the 1986 through 1990 crops of corn at a level not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowers years, except that the loan and purchase level for any year may not be less than 95 percent of the level for the preceding year as determined prior to any reduction under the next sentence. If the Secretary determines that (A) the average price of corn received by producers in the previous marketing year was not more than 105 percent of the loan and purchase level for corn for such marketing year, or (B) the loan level computed under the foregoing provisions would discourage the exportation of corn and cause excessive stocks of corn in the United States, the Secretary may reduce the loan and purchase level as necessary to maintain domestic and export markets for grain, but not to a level that is less than 80 percent of the level determined under the preceding sentence. Nonrecourse loans under this provision could be made only on an amount of corn produced on the farm equal to the acreage planted to corn for harvest times the farm's program yield for the crop. (Sec. 501.)

The *Senate* amendment requires the Secretary to make available to producers loans and purchases for the 1986 crop of corn at a level of not less than $2.40 per bushel and for the 1987 through 1989 crops at not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any of the 1987 through 1989 crops may not be reduced by more tha 5 percent from the level for the preceding crop. If the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for such marketing year, the Secretary may reduce the loan and purchase level for the next marketing year as necessary to maintain domestic and export markets for grain, but not by more than 20 percent in any year. Any reduction under the preceding sentence may not be considered in determining the loan and purchase level for subsequent years. (Sec. 501.)

The *Conference* substitute requires the Secretary of Agriculutre to make available to producers loans and purchases for the 1986 crop of feed grains at a level of not less than $2.40 per bushel and

for the 1987 through 1990 crops at not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for any of the 1987 through 1990 crops may not be reduced by more than 5 percent from the level for the preceding crop.

If the Secretary determines that (A) the average price of feed grains received by producers in the previous marketing year was not more than 110 percent of the loan and purchase level for feed grains for such marketing year, or (B) the loan level computed under the foregoing provisions would discourage the exportation of feed grains and cause excessive stocks of feed grains in the United States, the Secretary may reduce the loan and purchase level as necessary to maintain domestic and export markets for grain, but not by more than 20 percent in any one year. For the 1986 crop of feed grains the Secretary is required to reduce the loan and purchase level by not less than 10 percent of the loan and purchase level for such crop. Any such reduction, including 1986, may not be considered in determining the loan and purchase level for subsequent years.

(b) The *House* bill authorizes the Secretary, if the Secretary does not make available nonrecourse loans as described in paragraph (a) above, to make available *recourse* loans to producers of corn for each of the marketing years for the 1986 through 1990 crops at a level not less than 75 percent nor more than 85 percent of the simple average price received by farmers during the 5 preceding marketing years, excluding the highest and lowest years, except that the loan and purchase level for corn for any year may not be less than 95 percent of the level for the preceding marketing year. The maximum term for a recourse loan under this provision would be 270 days.

The Secretary may also make available recourse loans for each of the 1986 through 1990 crops of grain sorghums, barley, oats, and rye at a level that is fair and reasonable in relation to the corn recourse loan level, taking into consideration the feeding value of the commodity in relation to corn and other specified factors. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *House* bill authorizes a producer to repay a *recourse* loan at a level, per bushel, that is the lesser of (A) the original loan level, or (B) at any time through the maturity date of the loan that the producer redeems the feed grain under loan: (i) the then current State monthly weighted average market price for the feed grain, adjusted for each county, or (ii) the then current State weekly or daily weighted average market price for the feed grain, adjusted for each county, if the Secretary determines that it is administratively feasible and reduces the fluctuation in the repayment market price for producers. (Sec. 501.)

The *Senate* amendment requires the Secretary to permit a producer to repay a feed grain loan at a level that is the lesser of (A) the original loan level, or (B) the higher of (i) 70 percent of the original loan level, (ii) if the loan level is reduced because in the previous year the average producer price did not exceed 110 per-

cent of the loan rate, 70 percent of the loan level that would have been in effect but for such a reduction, or (iii) the prevailing world market price for such feed grain. The Secretary is required to prescribe by regulation a formula to define the prevailing world market price for feed grains and a mechanism for announcing periodically such world market price. (Sec. 501.)

The *Conference* substitute adopts the Senate provision, except that the Secretary is authorized to carry out the provisions at his discretion.

(d) Note: See item (6) of title X (General Commodity Provisions) relating to nonrecourse loan limit for feed grains.

(2) Loan deficiency payments

The *Senate* amendment authorizes the Secretary of Agriculture, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, to make payments available to producers who, although eligible to obtain a loan or purchase agreement on such commodity, agree to forgo obtaining such loan or agreement in return for such payments. Such a payment is computed by multiplying the loan payment rate by the quantity of such feed grains the producer is eligible to place under loan. For purposes of this provision, the quantity of feed grains eligible to be placed under loan may not exceed the individual farm program acreage for the crop multiplied by the farm program payment yield established for the farm. The loan payment rate is the amount by which the loan level determined for the crop exceeds the level at which a loan may be repaid. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision except that the provision will apply to each of the 1986 through 1990 crops of feed grains.

(3) Corn target prices

(a) The *House* bill provides that the established price for the 1986 and 1987 crops of corn shall be $3.03 per bushel. For each of the 1988 through 1990 crops, the established price shall be a price determined by the Secretary of Agriculture that is not less than 110 percent nor more than 125 percent of the simple average price received by farmers during the marketing years for the 5 preceding crops, excluding the high and low years, except that (A) the established price may not be set at a level that is less than 95 percent of the established price for the preceding crop, and (B) the established price may not be set at a level that is less than the level for the preceding crop unless the Secretary certifies to Congress when the program is announced that the cost of production for such crop of corn for all producers, as estimated by the Economic Research Service in consultation with National Agricultural Cost of Production Standards Review Board, will be 5 percent below the cost of production for preceding crop of corn for all producers. (Sec 501.)

The *Senate* amendment provides that the established price for the 1986 crop of corn shall not be less than $3.03 per bushel. For each of the 1987 through 1989 corps of corn, the established price shall not be less than such level as the Secretary determines appropriate taking into consideration the supply and demand for corn,

program costs, and other factors the Secretary determines appropriate, except that the established price may not be reduced by more than 5 percent from the level for the preceding crop. (Sec. 501.)

The *Conference* substitute provides that the established price for the 1986 and 1987 corps of corn shall be $3.03 per bushel. The established price for other feed grains will be set by the Secretary at such levels as the Secretary determines are fair and reasonable in relation to the established price for corn. The established price for the 1988 crop may not be set at a level that is less than 98 percent of the established price for the 1986 and 1987 crops, and; the established price for the 1989 crop may not be set at a level that is less than 95 percent of the established price for the 1986 and 1987 crops, and; the established price for the 1990 crop may not be set at a level that is less than 90 percent of the established price for the 1986 and 1987 crops, or $2.75 per bushel, whichever is higher.

(b) The *Senate* amendment provides that if the Secretary reduces the established price for the 1987 crop of corn, the Secretary must make in-kind payments (in corn) to producers in such amounts as will ensure that the effective established price for the 1987 crop will not be less than the established price for the 1986 crop. If the Secretary reduces the established price for the 1988 crop, the Secretary must make in-kind payments (in corn), or cash payments to the extent corn owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price for the 1988 crop will not be less than the cash established price for the 1987 crop. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute provides that up to 5 percent of the total deficiency payment may be made in commodities at the discretion of the Secretary.

(c) The *House* bill provides that if the Secretary reduces the loan and purchase level for corn based on low market prices or the world market and supply situation, the Secretary must provide emergency compensation by increasing the established price payments for corn by such amount as necessary to provide the same total return to producers as if the reduction had not been made. The Secretary is to use the national weighted average market price, per bushel of corn, received by farmers during the marketing year (instead of the average price received during the first 5 months of the marketing year) in determining the payment rate for such established price payments. Payments under this provision would not be subject to the payment limitation. (Sec. 501.)

The *Senate* amendment contains no comparable provision, but see item (e) below relating to the payment rate.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill provides that whenever an acreage limitation program is in effect for a crop of feed grains, if producers on a farm devote a portion of the farm's permitted feed grain acreage (base minus acreage reduction) equal to more than 5 percent of the farm's feed grain crop acreage base for the crop to conservation uses of nonprogram crops, the portion of the feed grain permitted acreage in excess of 5 percent of the base that is devoted to conservation uses or nonprogram crops would be considered as part of the

farm's feed grain program acreage and the producers would be eligible for target price payments on such acreage if the producers actually plant feed grains for harvest on at least 50 percent of the farm's feed grain crop acreage base. The farm's feed grain crop acreage base and feed grain program yield would not be reduced due to the fact that such portion of the farm's permitted acreage was devoted to conserving uses or nonprogram crops. Other than under this exception, target price payments would be made only on acreage actually planted to feed grains for harvest. (Sec. 501.)

The *Senate* amendment provides that whenever (A) the producers on a farm reduce the acreage of feed grains planted for harvest from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage, (B) an acreage limitation program is in effect, or (C) a set-aside program is in effect and the Secretary has announced a limitation on the acreage planted to feed grains, if the producers plant at least 50 percent of the acreage base (reduced by the percentage recommended by the Secretary), 50 percent of the permitted feed grain acreage, or 50 percent of the limited farm acreage, as the case may be, to feed grains or a nonprogram crop, any portion of the acreage base (reduced by the percentage recommended by the Secretary), the permitted feed grain acreage, or the limited farm acreage, as the case may be, that is devoted to conserving uses or nonprogram crops would be considered as part of the individual farm program acreage, and the producer would be eligible for deficiency payments with respect to such acreage. Such acreage would also be considered to be planted to feed grains. For purposes of this provision, a "nonprogram" crop means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans. (Sec 501.)

The *Conference* substitute adopts the *Senate* provision with a modification which provides that the producer would be eligible for 92 percent of the deficiency payments otherwise applicable, if at least 50 percent of the permitted acres are planted to feed grains.

(e) The *House* bill provides that the payment rate for a crop of corn is the amount by which the established price for the crop (less 6 cents per bushel if the Secretary establishes a feed grain export certificate program for the crop (see item (23) under title X)) exceeds the higher of—

(A) the national weighted average market price received by farmers during the first 5 months of the marketing year for the crop, or

(B) the loan level determined for the crop prior to any adjustment based on low market prices or the world market and supply situation. (Sec. 501.)

The *Senate* amendment provides that the payment rate for corn is the amount by which the established price for the crop exceeds the higher of—

(A) the lower of—

(i) the national weighted average market price received by farmers during the marketing year for such crop, or

(ii) $2.04 per bushel in the case of the 1986 crop, $2.19 per bushel in the case of the 1987 crop, and $2.24 per bushel in the case of the 1988 crop, or

(B) the loan level determined for the crop. (Sec. 501.)

The *Conference* substitute adopts both the *House* and *Senate* provisions, except that the Secretary is authorized to carry out the *Senate* provision at his discretion.

(4) Disaster payments

The *House* bill provides that prevented planting disaster payments for feed grains may be made in the form of cash or from stocks of feed grains held by the Commodity Credit Corporation. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(5) National program acreage

The *House* bill requires the Secretary of Agriculture to proclaim the national program acreage for each crop of feed grains by September 30 of each calendar year for the crop harvested in the next succeeding calendar year. (Sec. 501.)

The *Senate* amendment requires this proclamation to be made by November 15. (Sec. 501).

The *Conference* substitute adopts the *House* provision with a modification requiring the Secretary to make a preliminary announcement by September 30, with authorization to make adjustments in the announced program not later than November 15.

(6) Farm program yields

(See item (2)(f) relating to acreage base and program yield system under title X (General Commodity Provisions).)

(7) Feed grain acreage limitation and set-aside program

(a) The *House* bill authorizes the Secretary of Agriculture to provide for any of the 1986 through 1990 crops of feed grains either for an acreage limitation program or a set-aside program. (Sec. 501.)

The *Senate* amendment authorizes the Secretary to provide for any of the 1986 through 1988 crops of feed grains either for an acreage limitation program or a set-aside program. For the 1989 crop, the Secretary is prohibited from providing for either of such programs. (Sec. 501.)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment requires the Secretary, in making a determination of whether to provide for an acreage limitation of set-aside program, to take into consideration the number of acres placed in the conservation acreage reserve established under the bill. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, with a modification to cover wheat.

(c) The *House* bill requires the Secretary to announce any feed grain acreage limitation or set-aside program by September 30 prior to the calendar year in which the crop is harvested, except that the Secretary may make appropriate adjustments in such announcement by October 30 if there has been a significant change in the total supply of feed grains since the earlier announcement. (Sec. 501.)

The *Senate* amendment requires announcement of any acreage limitation program by November 15. (Sec. 501.)

The *Conference* substitute adopts the *House* provision, with a modification requiring the Secretary to make a preliminary announcement by September 30, with authorization to make adjustments in the announced program not later than November 15.

(d) The *House* bill requires the Secretary to provide for an acreage limitation program for the 1986 crop of feed grains under which the acreage on the farm planted to feed grains for harvest would be limited to the feed grain crop acreage base reduced by 20 percent. However, in the case of producers who plant the 1986 crop before the acreage limitation program announcement for that crop, the Secretary must provide for a combination of a 10 percent acreage limitation program and a 10 percent paid diversion program.

With respect to any of the 1987 through 1990 crops of feed grains, if the Secretary estimates—not later than September 30 of the years prior to the calendar year in which the crop is harvested—that the carryover of feed grains on hand on the first day of the marketing year for that crop will exceed 1.1 billion bushels, the Secretary would be required to provide for a 10 percent acreage limitation program and could provide for a paid diversion program or an additional acreage limitation program for any reduction above 10 percent.

As a condition of eligibility for price support loans and target price payments for any crop for which a mandatory acreage reduction program applies, producers on a farm must comply with the terms and conditions of the acreage limitation program and, if applicable, the paid diversion program. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute authorizes the Secretary to establish feed grain acreage limitation, set-aside and paid land diversion programs.

In crop year 1986, an acreage limitation program shall be in effect if triggered by projected carryin stocks greater than 2 billion bushels of corn, and in such event shall be no less than 15 percent. In such instance, 2.5 percent of the acreage limitation must be paid with commodities. In no instance shall the feed grain acreage limitation program for 1986 be greater than 20 percent.

In crop years 1987 through 1990 acreage limitation programs shall be in effect if triggered by projected carryin stocks greater than 2 billion bushels of corn, and in such event shall be no less than 12.5 percent, and no greater than 20 percent.

In the event carry in stocks of 2 billion bushels of corn are not attained, the acreage limitation may not be greater than 12.5 percent.

For crop years 1986 through 1990 the Secretary is authorized to offer at his discretion voluntary paid land diversion programs at such levels as he determines.

(e) The *Senate* amendment, in the case of each of the 1986 through 1988 crops of feed grains, limits the maximum percentage reduction under an acreage limitation program to 15 percent. (Sec. 501.)

(Note: See item (9) under title X (General Commodity Provisions) for a provision authorizing a 5 percent increase in the acreage limi-

tation percentage if estimated feed grain carryover would be more than 33 percent of annual feed grain usage.)

The *House* bill contains no comparable provision, except as provided for the 1986 crop described in item (d) above.

The *Conference* substitute deletes the Senate provision.

(f) (For differences concerning acreage bases see item (2)(e) relating to acreage base and program yield system under title X (General Commodity Provisions).)

(g) The *Senate* amendment limits to 15 percent the percentage reduction of the acreage of feed grains planted for harvest under a set-aside program. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the Senate provision.

(h) The *House* bill authorizes the Secretary to pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

(i) The *House* bill authorizes the Secretary in carrying out any acreage limitation, set-aside, or paid diversion program to prescribe production targets for participating farms expressed in bushels of production so that all participating farms achieve the same pro rata reduction in production as prescribed by the national program targets. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

(8) Inventory reduction payments

The *Senate* amendment authorizes the Secretary of Agriculture, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, to make payments available to producers who (A) agree to forgo obtaining a loan or purchase agreement for feed grains, (B) agree to forgo receiving feed grain deficiency payments, (C) do not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under an acreage limitation program, and (D) otherwise comply with the feed grain program. Such payments would be made in the form of feed grains owned by the Commodity Credit Corporation and would be subject to the availability of such feed grains. Payments would be determined in the same manner as for loan deficiency payments, that is by multiplying the quantity of feed grains the producer is eligible to place under loan by the amount by which the loan level determined for the crop exceeds the level at which a loan may be repaid. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision except that the provision will apply to each of the 1986 through 1990 crops of feed grains.

(9) Cross compliance

The *House* bill provides that compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under the feed grain program if an acreage limitation program is established, but may be required if a set-aside program is established. (Sec. 501.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute provides the Secretary of Agriculture with authority to require compliance on a farm with the terms and conditions of any other commodity program as a condition of eligibility for loans, purchases, or payments under the feed grains program if an acreage limitation program or set-aside is established, but only to the extent that producers who participate in any acreage limitation program or set-aside may not expand acreage of another crop for which there is an acreage limitation or set-aside in effect.

(10) Safeguarding tenants and sharecroppers

The *Senate* amendment requires the Secretary of Agriculture to provide adequate safeguards to protect the interests of tenants and sharecroppers. (Sec. 501.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(11) Price support for corn silage

The *Senate* amendment authorizes the Secretary of Agriculture, effective only for each of the 1986 through 1989 crops of feed grains, to make available loans and purchases to producers on a farm who (A) for silage, cut corn (including mutilated corn) that the producers have produced in the crop year, or purchase or exchange corn (including mutilated corn) that has been produced in the crop year by another producer (including a producer that is not participating in a set-aside program for the crop established by the Secretary), and (B) participate in a set-aside program for the crop.

The loans and purchases could be made on a quantity of corn of the same crop, other than the corn obtained for silage, acquired by the producer equilavent to a quantity determined by multiplying the acreage of corn obtained for silage by the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the silage was obtained. (Sec. 1940.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

Title V—Cotton

(1) Upland cotton program loans

(a) The *House* bill will require the Secretary of Agriculture to make available to producers nonrecourse loans for each of the 1986 through 1990 crops of upland cotton. Such loans on a crop would be made available at a level that reflects for Strict Low Middling one-and-one-sixteenth-inch cotton at average location in the United

States the smaller of (A) 85 percent of the average price of such cotton in designated United States spot markets during three years of the five-year period ending July 31 in the year in which the level is announced, excluding the years when the price was highest and lowest, or (B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the level is announced, of the five lowest priced growths quoted for Middling one-and-three-thirty-seconds-inch cotton, C.I.F. northern Europe (adjusted downward by the average difference between July 15 and October 15 of the year in which the loan is announced, between such average northern Europe price and the market quotations in the designated United States spot markets). If the average northern Europe price is less than the average United States spot market price, the Secretary could increase the loan level as he deems appropriate, but not in excess of the United States spot market price. In no event could the loan level for any crop so determined be less than 95 percent of the level for the preceding crop. However, if the Secretary determines that the world price for upland cotton is below such loan level, the Secretary would have to reduce the loan level to a level—not less than 80 percent of the level that otherwise would have applied—that the Secretary determines necessary to make upland cotton competitive in domestic and export markets. (Sec. 601.)

The *Senate* amendment will require the Secretary to make nonrecourse loans available for each of the 1986 through 1989 crops of upland cotton. Under the *Senate* amendment, loans on a crop would be made available at a level that is not less than—

(A) in the case of the 1986 crop, 55 cents per pound; and

(B) in the case of the 1987 through 1989 crops, the higher of—

(i) 85 percent of the average price for Strict Low Middling one-and-one-sixteenth-inch cotton (at average location in the United States) as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the years in which the price was the highest and lowest, or

(ii) 50 cents per pound.

In no event could the loan level for any crop so determined be less than 95 percent of the level for the preceding crop. (Sec. 601.)

The *Conference* substitute adopts the *Senate* provision with an amendment that in the case of the 1987 through 1990 crops, the loan level will be the higher of (1) a level that reflects for Strict Low Middling one-and-one-sixteenth-inch cotton at average location in the United States the smaller of (A) 85 percent of the average price of such cotton in designated United States spot markets during three years of the five-year period ending July 31 in the year in which the level is announced, excluding the years when the price was highest and lowest, or (B) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the level is announced, of the five lowest priced growths quoted for Middling one-and-three-thirty-seconds-inch cotton, C.I.F. northern Europe (adjusted downward by the average difference between July 15 and October 15 of the year in which the loan is announced, between such average northern Europe price and the market quota-

tions in the designated United States spot markets). If the average northern Europe price is less than the average United States spot market price, the Secretary could increase the loan level as he deems appropriate, but not in excess of the United States spot market price, or (2) 50 cents a pound, but in no event less than 95 percent of the level for the preceding crop.

(b) The *Senate* amendment will require the Secretary to permit a producer to repay an upland cotton loan at a level that is the lesser of—

(A) the original loan level; or

(B) the prevailing world market price for cotton.

However, for each of the 1987 through 1989 crops, if the world price is less than 80 percent of the original loan level, the Secretary could permit a producer to repay a loan at a level—not more than 80 percent of the original loan level—that the Secretary determines will minimize forfeitures, accumulation of Government stocks, and Government storage costs, and allow free marketing of United States cotton in domestic and international markets. The Secretary will be required to prescribe, by regulation, a formula to define the prevailing world market price for cotton and a mechanism for announcing periodically such price. Within 60 days after enactment of the bill, the Secretary would have to publish in the *Federal Register* proposed regulations specifying the formula and mechanism and invite public comment on the proposal. (Sec. 601.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment that whenever U.S. upland cotton is not competitive in world markets, the Secretary shall implement either the Senate provision or Plan A. Plan A provides that the Secretary, in order to make U.S. upland cotton competitive in world markets, shall announce, on November 1, a one-time adjustment in the loan repayment level of up to 20 percent of the loan level.

(2) Loan deficiency payments

The *Senate* amendment will authorize the Secretary of Agriculture, for each of the 1986 through 1989 crops of upland cotton, to make payments available to producers who, although eligible to obtain a loan on such cotton, agree to forgo obtaining such loan in return for such payments. Such a payment would be computed by multiplying the loan payment rate by the quantity of upland cotton the producer is eligible to place under loan. For purposes of this provision, the quantity of upland cotton eligible to be placed under loan could not exceed the individual farm program acreage for the crop multiplied by the farm program payment yield established for the farm. The loan payment rate would be the amount by which the loan level determined for the crop exceeds the level at which a loan can be repaid. (Sec. 601.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision except that the provision will apply to each of the 1986 through 1990 crops of upland cotton.

(3) Upland cotton target price payments

(a) The *House* bill provides that the established price for the 1986 and 1987 crops of upland cotton will be 81 cents per pound.

For each of the 1988 through 1990 crops, the established price will be not less than 90 percent of the United States average cost of production per pound for the three crops immediately preceding the most recent crop prior to the current crop. In no event could such established price be set at a level that is less than 95 percent of the established price for the preceding crop; nor could the Secretary of Agriculture set the established price at a level that is less than the level for the preceding crop unless the Secretary certifies to Congress when the program is announced that the cost of production for such crop of upland cotton for all producers, as estimated by the Economic Research Service in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 percent below the cost of production for the preceding crop of upland cotton for all producers. (Sec. 601.)

The *Senate* amendment provides that the established price for the 1986 crop of upland cotton will be not less than 81 cents per pound. For each of the 1987 through 1989 crops of upland cotton, the established price will be not less than such level as the Secretary determines appropriate taking into consideration the supply and demand for upland cotton, program costs, and other factors the Secretary determines appropriate, except that the established price could not be reduced by more than 5 percent from the level for the preceding crop. (Sec. 601.)

The *Conference* substitute provides that the established price of the 1986 crop of upland cotton shall be $0.81 per pound.

The established price for the 1987 crop may not be set at a level that is less than 98 percent of the established price for the 1986 crop; and, the established price for the 1988 crop may not be set at a level that is less than 95 percent of the established price for the 1986 crop; and, the established price for the 1989 crop may not be set at a level that is less than 92 percent of the established price for the 1986 crop; and, the established price for the 1990 crop may not be set at a level that is less than 90 percent of the established price for the 1986 crop.

(b) The *Senate* amendment provides that if the Secretary reduces the established price for the 1987 crop of upland cotton, the Secretary would have to make in-kind payments (in upland cotton) to producers in such amounts as will ensure that the effective established price for the 1987 crop will not be less than the established price for the 1986 crop. If the Secretary reduces the established price for the 1988 crop, the Secretary would have to make in-kind payments (in upland cotton), or cash payments to the extent upland cotton owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price for the 1988 crop will not be less than the cash established price for the 1987 crop. (Sec. 601.)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that up to 5 percent of the total deficiency payment may be made in commodities at the discretion of the Secretary.

(c) The *House* bill provides that, if (A) the Secretary reduces the loan level for upland cotton based on world prices, or (B) the loan level before such adjustment is below 55 cents per pound, the Secretary would have to provide emergency compensation by increasing the established price payments for upland cotton by such amount as necessary to provide the same total return to producers as if the reduction had not been made, or as if the reduction in the loan rate before the adjustment to a level below 55 cents per pound had not occurred. Payments under this provision would not be subject to the payment limitation. (Sec. 601.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(d) The *Senate* amendment provides that whenever (A) the producers on a farm reduce the acreage of cotton planted for harvest from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage, (B) an acreage limitation program is in effect, or (C) a set-aside program is in effect and the Secretary has announced a limitation on the acreage planted to upland cotton, if the producers plant at least 50 percent of the acreage base (reduced by the percentage recommended by the Secretary), 50 percent of the permitted upland cotton acreage, or 50 percent of the limited farm acreage, as the case may be, to upland cotton or a nonprogram crop, any portion of the acreage base (reduced by the percentage recommended by the Secretary), the permitted upland cotton acreage, or the limited farm acreage, as the case may be, that is devoted to conserving uses or nonprogram crops would be considered as part of the individual farm program acreage, and the producer would be eligible for deficiency payments with respect to such acreage. Such acreage also would be considered to be planted to upland cotton. For purposes of this provision, the term "nonprogram crop" includes any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans. (Sec. 601.)

The *House* bill contains no comparable provisions, except that it provides that established price payments for a crop of upland cotton could not be made on a greater acreage than the acreage actually planted to upland cotton for harvest. (Sec. 601.)

The *Conference* substitute adopts the *Senate* provision with a modification which provides that the producer would be eligible for 92 percent of the deficiency payments otherwise applicable, if at least 50 percent of the permitted acres are planted to cotton.

(4) Upland cotton disaster payments

The *Senate* amendment will provide for the making of prevented planting and reduced yield disaster payments to producers for the 1986 through 1989 crops of upland cotton, and the quantity of cotton on which established price payments for any such crop are made would be reduced by the quantity on which disaster payments are made.

The Secretary of Agriculture would be required to make a prevented planting disaster payment to the producers on a farm if the Secretary determines that the producers are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natu-

ral disaster, or other condition beyond the control of the producers. The payment would be computed by multiplying (a) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, by (b) 75 percent of the farm program payment yield for the crop established by the Secretary, by (c) a payment rate equal to 33⅓ percent of the established price for the crop.

The Secretary would be required to make a reduced yield disaster payment to the producers on a farm if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on a farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop. Payments would be made at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

Producers on a farm would not be eligible for (a) prevented planting disaster payments if prevented planting crop insurance is available to them under the Federal Crop Insurance Act with respect to their cotton acreage, or (b) reduced yield disaster payments if reduced yield crop insurance is available to them under that Act with respect to their cotton acreage.

However, the Secretary could make a disaster payment to the producers on a farm if the Secretary determines that (a) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields; (b) such losses have created an economic emergency for the producers; (c) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and (d) additional assistance must be made available to such producers to alleviate such economic emergency. The Secretary could make adjustments in the amount of payments made available under this discretionary authority with respect to an individual farm to ensure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved. (Sec. 601.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(5) Upland cotton acreage reduction programs

The *House* bill, effective for each of the 1986 through 1990 crops of upland cotton, will direct the Secretary of Agriculture, if he estimates that, in the absence of an acreage reduction program, the quantity of upland cotton on hand in the United States on the last day of the marketing year for the crop will exceed one-third of the upland cotton the Secretary determines will be used domestically

and for export during the marketing year, to establish (a) an acreage limitation program to ensure progress toward achieving the goal described below; and (b) if he determines that the acreage limitation program will not achieve the goal, a payment-in-kind diversion program. The goal referred to above would be that the quantity of upland cotton on hand on the last day of the marketing year for the crop involved not exceed one-third of the amount of the crop the Secretary estimates will be used domestically and for export during the marketing year. The acreage limitation for a crop would be limited to 25 percent of each farm's upland cotton acreage base, and the diversion program would be limited to an additional 25 percent of the base. Producers would have to comply with any such acreage limitation program and, as applicable, diversion program to be eligible for loans and payments for the crop involved.

If a payment-in-kind diversion program is in effect for a crop, diversion payments would be made to producers who devote to conservation uses an acreage equivalent to the reduction, applied uniformly to all farms, required from the farm base in accordance with diversion contracts with the Secretary. Diversion payments would be made to producers from Commodity Credit Corporation upland cotton stocks and, if such stocks are insufficient, in cash on a uniform basis. Payments in kind (including cash substitutes) would not be subject to the general payment limitation, but would have a separate limitation of $50,000 per person per crop. (Sec. 601.)

The *Senate* amendment would authorize the Secretary to provide either an acreage limitation program or a set-aside program for any of the 1986 through 1988 crops of upland cotton, if the Secretary determines that the total supply of upland cotton, in the absense of the program, would be excessive. For the 1989 crop, the Secretary would be prohibited from providing for either of such programs. In making a determination as to whether to provide for an acreage limitation or set-aside program, the Secretary would be required to take into consideration the number of acres placed in the conservation acreage reserve established under the bill. The maximum percentage reduction under an acreage limitation or set-aside program for a crop of cotton would be 20 percent.

(Note: See item (9) under title X (General Commodity Provisions) for a provision in the *Senate* amendment authorizing a 5 percent increase in the acreage limitation percentage if estimated upland cotton carryover would be more than 33 percent of annual upland cotton usage.)

The Secretary also would be authorized to make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, for any of the 1986 through 1989 crops, if land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Land diversion payments would be made to producers who devote cropland to approved conservation uses in accordance with land diversion contracts entered into with the Secretary. Land diversion payments would be determined through the submission of bids or through other means. In determining the acceptability of contract offers, the Secretary would take into consid-

eration the extent of the diversion to be undertaken and the productivity of the acreage diverted. The Secretary also would have to limit the total acreage to be diverted in any county or local community so as not to affect adversely the economy of the county or local community. (Sec. 601.)

The *Conference* substitute authorizes the Secretary to establish uplant cotton acreage limitation and paid land diversion programs.

The acreage limitation that may be established for the 1986 through 1990 crops of rice may be no greater than 25 percent.

For crop years 1986 through 1990 the Secretary is authorized to offer, at his discretion, voluntary paid land diversion programs at such levels as he determines.

The Secretary is encouraged to operate acreage limitation and paid diversion programs so as to achieve carrying stocks of upland cotton no greater than 4 million bales.

(6) Acreage bases and yields

(For differences concerning upland cotton acreage bases and program yields, set item (2) under title X—General Commodity Provisions.)

(7) Inventory reduction payments

The *Senate* amendment would authorize the Secretary of Agriculture, for each of the 1986 through 1989 crops of upland cotton, to make payments available to producers who (a) agree to forgo obtaining a loan for upland cotton, (b) agree to forgo receiving upland cotton deficiency payments, (c) do not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under an acreage limitation program, and (d) otherwise comply with the upland cotton program. Such payments would be made in the form of cotton owned by the Commodity Credit Corporation and would be subject to the availability of such cotton. Payments would be determined in the same manner as for loan deficiency payments, that is, by multiplying the quantity of upland cotton the producer is eligible to place under loan by the amount by which the loan level determined for the crop exceeds the level at which a loan may be repaid. (Sec. 601.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision except that the provision will apply to each of the 1986 through 1990 crops of upland cotton.

(8) Cross-compliance and offsetting compliance

The *House* bill provides that compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under the upland cotton program under the bill. Also, the Secretary of Agriculture could not require producers on a farm, as a condition of loan or payment eligibility for the farm, to comply with upland cotton program conditions with respect to any other farm operated by such producers. (Sec. 601.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment that the Secretary may require that, in order for producers on a farm to be eligible for upland cotton program benefits, the acreage planted for harvest on the farm to any other program crop for which an acreage reduction program is in effect, shall not exceed the crop acreage base for that crop.

(9) Commodity Credit Corporation sales price restrictions

(a) The provisions in the *House* bill relating to Commodity Credit Corporation sales price restrictions applicable to upland cotton will be effective through July 31, 1991. (Sec. 602.)

The similar provisions in the *Senate* amendment will be effective through July 31, 1990. (Sec. 603.)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment provides that, if the Secretary of Agriculture permits loan repayments with respect to a crop of upland cotton, at a rate less than the loan level for the crop, the CCC may not sell any of its stocks of upland cotton at less than 115 percent of the average loan repayment rate during the period of the loans. (Sec. 603.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(10) Upland cotton marketing certificates

The *House* bill provides for an upland cotton marketing certificate program whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price of upland cotton is below the current loan rate for upland cotton. To make United States upland cotton competitive in world markets and to maintain and expand domestic consumption and exports of United States cotton, the Commodity Credit Corporation would be required to make payments, through the issuance of payment-in-kind certificates, to first handlers of cotton (persons regularly engaged in buying or selling upland cotton) who have entered into an agreement with the CCC to participate in the program, in such monetary amounts and subject to such terms and conditions as the Secretary of Agriculture determines will make cotton available for domestic consumption or for export at competitive prices, including payments that may be necessary to make raw cotton in inventory on August 1, 1986, available on the same basis.

The value of each certificate issued would be based on the difference between the loan rate for upland cotton and the prevailing world market price of cotton. The CCC could assist the persons receiving certificates in the redemption of certificates for cash, or marketing or exchange of such certificates for (a) CCC cotton or (b) (if the Secretary and the person agree) other agricultural commodities or products owned by the CCC, at such time, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program.

The Secretary, insofar as possible, would have to permit owners of certificates to designate the commodities and products, including storage sites, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after

its issuance, reasonable carrying charges would be deducted from the value of the certificate.

The Secretary would take such measures as necessary to prevent the marketing or exchange of agricultural commodites and products for certificates from adversely affecting the income of producers of such commodities or products. Certificates issued to cotton handlers could be transferred to other handlers and persons approved by the Secretary.

With respect to any year or other period for which a payment-in-kind program under this provision is in effect, for purposes of calculating loan levels, the Secretary would be required to consider the average market prices for such year or period to be increased by the average rate of payment under the program if the average market prices are below the loan level. (Sec. 605.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment to provide that the Secretary shall implement this certificate program whenever, during the specified period, the prevailing world price of upland cotton (adjusted to United States qualities and location) is below the current loan repayment rate rather than the current loan rate. Likewise, the value of each certificate shall be based on the difference between the loan repayment rate for upland cotton and the loan repayment rate.

(11) Extra long staple cotton

The *Senate* amendment would revise the provisions of law relating to the program for extra long staple cotton, as follows:

(a) the minimum loan rate for any crop of ELS cotton will be set at 85 percent of the average price received by producers for ELS cotton during three years of the preceding five-year period (excluding the years when the average price was the highest and the lowest);

(b) the date by which the loan level for a crop has to be announced by the Secretary of Agriculture would be established as December 1 of the year preceding the marketing year for which the loan level is to be effective; and

(c) the ELS cotton program under Section 103(b) of the Agricultural Act of 1949 would expire at the end of the program for the 1989 crop. (Sec. 1958.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment.

Title VI—Rice

(1) Rice program loans

(a) The *House* bill will require the Secretary of Agriculture to make available to producers loans and purchases for each of the 1986 through 1990 crops of rice. Such loans on a crop would be made available at a level, per hundredweight, not less than 85 percent of the average price for rice received by farmers during the marketing years for the three preceding crops of rice, except that the loan level for any crop so determined could not be less than 95 percent of the level for the preceding crop. However, if the Secretary determines that the world price for rice is below such loan

level, the Secretary would have to reduce the loan level to a level—not less than 80 percent of the level that would otherwise have applied—that the Secretary determines necessary to make rice competitive in domestic and export markets. (See. 701.)

The *Senate* amendment will require the Secretary to make loans and purchases available for each of the 1986 through 1989 crops of rice. Under the *Senate* amendment, loans on a crop would be made available at a level that is not less than—

(A) in the case of the 1986 crop, $7.20 per hundredweight; and

(B) in the case of each of the 1987 through 1989 crops, the higher of—

(i) 85 percent of the simple average price received by producers during the 5 preceding marketing years, excluding the years in which the price was the highest and lowers, or

(ii) $6.50 per hundredweight.

In no event could the loan level for any crop so determined be less than 95 percent of the level for the preceding crop. (Sec. 701.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* amendment will require the Secretary to permit a producer to repay a rice loan at a level that is the lesser of—

(A) the original loan level; or

(B) the higher of—

(i) the prevailing world market price for rice; or

(ii) for either of the 1986 or 1987 crops, 50 percent of the loan level; for the 1988 crop, 60 percent of the loan level; and for the 1989 crop, 70 percent of the loan level.

As a condition to permitting a producer to repay a loan at such level, the Secretary could require the producer to purchase payment-in-kind certificates equal in value to not to exceed one-half the difference between the original loan amount and the amount of the loan repayment. The certificates would be negotiable and redeemable in rice owned by the Commodity Credit Corporation valued at the prevailing market price. The certificates would be redeemable in cash if CCC rice is not available in the State in which the rice pledged as collateral for the loan was produced (or other location approved by the owner of the certificate). The CCC would assist persons receiving certificates in marketing or redeeming them, and the Secretary would have to permit, insofar as practicable, any certificate owner to designate the storage facility at which the owner would prefer to receive rice in exchange for the certificate. If a certificate is not redeemed within a reasonable period of time after issuance (as determined by the Secretary), carrying charges would be deducted from the value of the certificate for the period beginning at the expiration of the reasonable period of time and ending when the certificate is presented to the CCC. (See. 701.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision. It is the intent of the conferees that the Secretary establish repayment prices for producers based on the prevailing world market price for the class of rice under loan.

(c) The *House* bill provides that rice loans will have a term of ten months beginning on the first day of the month in which the loan is made. (Sec. 701.)

The *Senate* amendment provides that rice loans will have a term of nine months beginning on the first day of the month after the month in which the application for the loan is made. (Sec. 701.)

The *Conference* substitute adopts the *Senate* provision with a modification that provides that loans will have a term of no longer than nine months, beginning on the first day of the month in which the application for the loan is made.

(d) The *House* bill will require that the loan and purchase level and the established price for each crop of rice be announced not later than January 31 of the year in which the crop is harvested. (Sec. 701.)

The *Senate* amendment provides that such announcements for a crop be made not later than March 1 of the year in which the crop is harvested. (Sec. 701.)

The *Conference* substitute adopts the *House* provision.

(2) Loan deficiency payments

The *Senate* amendment will authorize the Secretary of Agriculture, for each of the 1986 through 1989 crops of rice, to make payments available to producers who, although eligible to obtain a loan or purchase agreement on such rice, agree to forgo obtaining such loan or agreement in return for such payments. Such a payment would be computed by multiplying the loan payment rate by the quantity of rice the producer is eligible to place under loan. For purposes of this provision, the quantity of rice eligible to be placed under loan could not exceed the individual farm program acreage for the crop multiplied by the yield established for the farm for the crop. The loan payment rate would be the amount by which the loan level determined for the crop exceeds the level at which a loan can be repaid. The Secretary would be required to make as much as one-half the amount of each loan deficiency payment for rice in the form of negotiable payment-in-kind certificates, subject to the terms and conditions for certificates described in item (1)(b) above. (Sec. 701.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(3) Rice target price payments

(a) The *House* bill provides that the deficiency payment rate, per hundredweight, for each of the 1986 through 1990 crops of rice will be the amount by which the established price for the crop exceeds the higher of (A) the average market price received by farmers during the calendar year that includes the first 5 months of the marketing year for the crop, or (B) the loan level for the crop. (Sec. 701.)

The *Senate* amendment provides that the deficiency payment rate, per hundredweight, for each of the 1986 through 1989 crops of rice, will be the amount by which the established price exceeds the higher of (A) the average market price received by farmers during the marketing year for the crop, or (B) the loan level for the crop. (Sec. 701.)

The *Conference* substitute adopts the *Senate* provision except that the provision will apply to the 1986 through 1990 crops of rice.

(b) The *House* bill provides that the established price for the 1986 and 1987 crops of rice will be $11.90 per hundredweight.

For each of the 1988 through 1990 crops, the established price will be not less than 90 percent of the United States average cost of production per hundredweight for the three crops immediately preceding the most recent crop prior to the current crop. In no event could such established price be set at a level that is less than 95 percent of the established price for the preceding crop; nor could the Secretary set the established price at a level that is less than the level for the preceding crop unless the Secretary certifies to Congress when the program is announced that the cost of production for such crop of rice for all producers, as estimated by the Economic Research Service in consultation with the National Agricultural Cost of Production Standards Review Board, will be 5 percent below the cost of production for the preceding crop of rice for all producers. (Sec. 701.)

The *Senate* amendment provides that the established price for the 1986 crop of rice will be not less than $11.90 per hundredweight. For each of the 1987 through 1989 crops of rice, the established price will be not less than such level as the Secretary determines appropriate taking into consideration the supply and demand for rice, program costs, and other factors the Secretary determines appropriate, except that the established price could not be reduced by more than 5 percent from the level for the preceding crop. (Sec. 701.)

The *Conference* substitute provides that the established price of the 1986 crop of rice shall be $11.90 per hundredweight.

The established price for the 1987 crop may not be set at a level that is less than 98 percent of the established price for the 1986 crop, and; the established price for the 1988 crop may not be set at a level that is less than 95 percent of the established price for the 1986 crop, and; the established price for the 1989 crop may not be set at a level that is less than 92 percent of the established price for the 1986 crop, and; the established price for the 1990 crop may not be set at a level that is less than 90 percent of the established price for the 1986 crop.

(c) The *Senate* amendment provides that if the Secretary reduces the established price for the 1987 crop of rice, the Secretary would have to make in-kind payments (in rice) to producers in such amounts as will ensure that the effective established price for the 1987 crop will not be less than the established price for the 1986 crop. If the Secretary reduces the established price for the 1988 crop, the Secretary would have to make in-kind payments (in rice), or cash payments to the extent rice owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price for the 1988 crop will not be less than the cash established price for the 1987 crop. (Sec. 701.)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that up to 5 percent of the total deficiency payment may be made in commodities at the discretion of the Secretary.

(d) The *House* bill provides that, if the Secretary reduces the loan level for rice based on world prices, the Secretary would have to provide emergency compensation by increasing the established price payments for rice by such amount as necessary to provide the same total return to producers as if the reduction had not been made. Payments under this provision would not be subject to the general payment limitation. (Sec. 701.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

(e) The *Senate* amendment provides that whenever (A) the producers on a farm reduce the acreage of rice planted for harvest from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage, (B) an acreage limitation program is in effect, or (C) a set-aside program is in effect and the Secretary has announced a limitation on the acreage planted on rice, if the producers plant at least 50 percent of the acreage base (reduced by the percentage recommended by the Secretary), 50 percent of the permitted rice acreage, or 50 percent of the limited farm acreage, as the case may be, to rice or a nonprogram crop, any portion of the acreage base (reduced by the percentage recommended by the Secretary), the permitted rice acreage, or the limited farm acreage, as the case may be, that is devoted to conserving uses or nonprogram crops would be considered as part of the individual farm program acreage, and the producer would be eligible for deficiency payments with respect to such acreage. Such acreage also would be considered to be planted to rice. For purposes of this provision, the term "nonprogram crop" includes any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans. (Sec. 701.)

The *House* bill contains no comparable provisions, except that it provides that established price payments for a crop of rice could not be made on a greater acreage than the acreage actually planted to rice. (Sec. 701.)

The *Conference* substitute adopts the *Senate* provision with a modification which provides that the producer would be eligible for 92 percent of the deficiency payments otherwise applicable, if at least 50 percent of the permitted acres are planted to rice.

(4) Rice disaster payments

The *Senate* amendment will provide for the making of prevented planting and reduced yield disaster payments to producers for the 1986 through 1989 crop of rice, and the quantity of rice on which established price payments for any such crop are made would be reduced by the quantity on which disaster payments are made.

The Secretary of Agriculture would be required to make a prevented planting disaster payment to the producers on a farm if the Secretary determines that the producers are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The payment would be computed by multiplying (a) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting because of drought, flood, or other natural disaster,

or other condition beyond the control of the producers) in the immediately preceding year, by (b) 75 percent of the yield for the farm established by the Secretary, by (c) a payment rate equal to 33⅓ percent of the established price for the crop.

The Secretary would be required to make a reduced yield disaster payment to the producers on a farm if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on a farm is less than result of the multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop. Payments would be made at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

Producers on a farm would not be eligible for (a) prevented planting disaster payments if prevented planning crop insurance is available to them under the Federal Crop Insurance Act with respect to their rice acreage, or (b) reduced yield disaster payments if reduced yield crop insurance is available to them under that Act with respect to their rice acreage.

However, the Secretary could make a disaster payment to the producers on a farm if the Secretary determines that (a) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields; (b) such losses have created an economic emergency for the producers; (c) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and (d) additional assistance must be made available to such producers to alleviate such economic emergency. The Secretary could make adjustments in the amount of payments made available under this discretionary authority with respect to an individual farm to ensure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved. (Sec. 701.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provisions.

(5) Rice acreage reduction programs

The *House* bill, effective for each of the 1986 through 1990 crops of rice, will direct the Secretary of Agriculture, if he estimates that, in the absence of an acreage reduction program, the quantity of rice on hand in the United States on the last day of the marketing year for the crop will exceed one-fifth of the rice the Secretary determines will be used domestically and for export during the marketing year, to establish (a) an acreage limitation program to ensure progress toward achieving the goal described below; and (b) if he determines that the acreage limitation program will not achieve the goal, a payment-in-kind diversion program. The goal referred to above would be that the quantity of rice on hand on the last day of the marketing year for the crop involved not exceed

one-fifth of the amount of the crop the Secretary estimates will be used domestically and for export during the marketing year. The acreage limitation for a crop would be limited to 25 percent of each farm's rice acreage base, and the diversion program would be limited to an additional 25 percent of the base. Producers would have to comply with any such acreage limitation program and, as applicable, diversion program to be eligible for rice loans and payments for the crop involved.

If a payment-in-kind diversion program is in effect for a crop, diversion payments would be made to producers who devote to conservation uses an acreage equivalent to the reduction, applied uniformly to all farms, required from the farm base in accordance with diversion contracts with the Secretary. Diversion payments would be made to producers from Commodity Credit Corporation rice stocks and, if such stocks are insufficient, in cash on a uniform basis. Payments in kind (including cash substitutes) would not be subject to the general payment limitation, but would have a separate limitation of $50,000 per person per crop. (Sec. 701.)

The *Senate* amendment would authorize the Secretary to provide either an acreage limitation program or a set-aside program for any of the 1986 through 1988 crops of rice if the Secretary determines that the total supply of rice, in the absence of the program would be excessive. For the 1989 crop, the Secretary would be prohibited from providing for either of such programs. In making a determination for either of such programs. In making a determination as to whether to provide for an acreage limitation or set-aside program, the Secretary would be required to take into consideration the number of acres placed in the conservation acreage reserve established under the bill. The maximum percentage reduction under an acreage limitation or set-aside program for a crop of rice would be 35 percent.

(Note: See item (9) under title X (General Commodity Provisions) for a provision in the *Senate* amendment authorizing a 5 percent increase in the acreage limitation percentage if estimated rice carryover would be more than 33 percent of annual rice usage.)

The Secretary also would be authorized to make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, for any of the 1986 through 1989 crops, if land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Land diversion payments would be made to producers who devote cropland to approved conservation uses in accordance with land diversion contracts entered into with the Secretary. Land diversion payments would be determined through the submission of bids or through other means. In determining the acceptability of contract offers, the Secretary would take into consideration the extent of the diversion to be undertaken and the productivity of the acreage diverted. The Secretary would also have to limit the total acreage to be diverted in any county or local community so as not to affect adversely the economy of the county or local community. (Sec. 701.)

The *Conference* substitute authorizes the Secretary to establish rice acreage limitation and paid land diversion programs.

The acreage limitation that may be established for the 1986 through 1990 crops of rice may be no greater than 35 percent.

For crop years 1986 through 1990 the Secretary is authorized to offer, at his discretion, voluntary paid land diversion programs at such levels as he determines.

The Secretary is encouraged to operate acreage limitation and paid diversion programs so as to achieve carryin stocks of rice no greater than 30 million hundredweight.

(6) Acreage bases and yields

(For differences concerning rice acreage bases and program yields, see item (2) under title X—General Commodity Provisions.)

(7) Inventory reduction payments

The *Senate* amendment would authorize the Secretary of Agriculture, for each of the 1986 through 1989 crops of rice, to make payments available to producers who (a) agree to forgo obtaining a loan or purchase agreement for rice, (b) agree to forgo receiving rice deficiency payments, (c) do not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under an acreage limitation program, and (d) otherwise comply with the rice program. Such payments would be made in the form of rice owned by the Commodity Credit Corporation and would be subject to the availability of such rice. Payments would be determined in the same manner as for loan deficiency payments, that is, by multiplying the quantity of rice the producer is eligible to place under loan by the amount by which the loan level determined for the crop exceeds the level at which a loan can be repaid. (Sec. 701.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision except that the provision will apply to the 1986 through 1990 crops of rice.

(8) Cross-compliance and offsetting compliance

The *House* bill provides that compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under the rice program under the bill. Also, the Secretary of Agriculture could not require producers on a farm, as a condition of loan or payment eligibility for the farm, to comply with rice program conditions with respect to any other farm operated by such producers. (Sec. 701.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment that the Secretary may require that, in order for producers on a farm to be eligible for upland cotton program benefits, the acreage planted for harvest on the farm to any other program crop for which an acreage reduction program is in effect, shall not exceed the crop acreage base for that crop.

(9) Marketing loans and deficiency payments for the 1985 crop of rice

(a) The *Senate* amendment would require the Secretary of Agriculture to permit producers to repay loans on the 1985 crop of rice at a level that is the lesser of—

(A) the original loan level, or

(B) the prevailing world market price for rice.

Loans under this provision would have to be repaid at the end of nine months after the month in which the application for the loan is made. As a condition to permitting a producer to repay a loan at such level, the Secretary could require the producer to purchase payment-in-kind certificates equal in value to not to exceed the difference between the amount of the loan and the amount of the loan repayment. The other terms and conditions of the certificate program under this provision would be the same as described in item (1)(b) above for 1986 through 1989 certificate programs. The current payment limitation under the Agriculture and Food Act of 1981 would not apply to any gain realized from repaying a loan at the rate permitted under this provision. (Sec. 702.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision, with a modification that makes the 1985 rice crop marketing loan program effective beginning April 15, 1986 and requires the Secretary to offer loan deficiency payments on rice not eligible for loans and purchases and not sold or delivered under sales contracts. The Secretary is authorized to adjust the loan maturity deadline for 1985 crop rice to provide for orderly program administration.

(b) The *Senate* amendment also will authorize the Secretary, for the 1985 crop of rice, to make loan deficiency payments to producers subject to the same terms and conditions as described in item (2) above for the 1986 through 1989 crops, except that the Secretary could make all or part of the payment in the form of the payment-in-kind certificates described in paragraph (a) above. The current payment limitation under the Agriculture and Food Act of 1981 would not apply to any loan deficiency payment under this provision. (Sec. 702.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(10) Rice export marketing certificates

The *House* bill will require the establishment of a rice export marketing certificate program whenever, during the period beginning August 1, 1986, and ending July 31, 1991, the world price for rice is below the current loan rate for rice. To make United States rice competitive in world markets and to maintain and expand domestic consumption and exports of United States rice, the Commodity Credit Corporation would be required to make payments, through the issuance of payment-in-kind certificates, to exporters of rice who have entered into an agreement with the CCC to participate in the program, in such monetary amounts and subject to such terms and conditions as the Secretary determines will make United States rice available for export at competitive prices, in-

cluding payments that may be necessary to make rice in inventory on August 1, 1986, available on the same basis.

The value of each certificate issued would be based on the difference between the loan rate for rice and the prevailing world market price of rice. The CCC could assist the persons receiving certificates in the redemption of certificates for cash, or marketing or exchange of such certificates for (a) CCC rice or (b) (if the Secretary of Agriculture and the person agree) other agricultural commodities or products owned by the CCC, at such times, in such manner, and at such price levels as the Secretary determines will best effectuate the purposes of the program.

The Secretary, insofar as possible, would have to permit owners of certificates to designate the commodities and products, including storage sites, they would prefer to receive in exchange for certificates. In the case of any certificate not presented for redemption, marketing, or exchange within a reasonable number of days after its issuance reasonable carrying charges would be deducted from the value of the certificate.

The Secretary would take such measures as necessary to prevent the marketing or exchange of agricultural commodities and products for certificates from adversely affecting the income of producers of such commodities or products. Certificates issued to rice exporters could be transferred to other exporters and persons approved by the Secretary.

With respect to any year or other period for which a payment-in-kind program under this provision is in effect, for purposes of calculating loan levels, the Secretary would be required to consider the average market prices for such year or period to be increased by the average rate of payment under the program if the average market prices are below the loan level. (Sec. 703.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with a modification requiring the Secretary of Agriculture to implement a rice marketing certificate program whenever the world price for a class of rice is below the loan repayment level for that class of rice.

Title VII—Peanuts

(1) National poundage quota

(a) The *House* bill requires the Secretary of Agriculture to establish a national poundage quota for each of the 1986 through 1990 crops of peanuts. (Sec. 802.)

The *Senate* amendment requires a national poundage quota to be established for each of the 1986 through 1989 crops of peanuts. (Sec. 801.)

The *Conference* substitute adopts the *House* provision. (Sec. 702.)

(b) The *Senate* amendment requires the Secretary in establishing the national poundage quota to take into consideration any estimated carryover of industry stocks and producer undermarketings. (Sec. 801.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(c) The *House* bill establishes the minimum national poundage quota for peanuts for any marketing year at 1.1 million tons. (Sec. 802.)

The *Senate* amendment establishes the minimum national poundage quota for peanuts for any marketing year at 1.1 million tons, increased by a quantity that the Secretary estimates the domestic edible, seed, and related uses of peanuts in such year will exceed such quantity. (Sec. 801.)

The *Conference* substitute adopts the *House* provision. (Sec. 702.)

(2) Farm poundage quota

(a) The *House* bill provides that a farm poundage quota would be established for each farm that did not have a farm poundage quota for the 1985 marketing year but on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years if the poundage quota apportioned to a State for a marketing year is larger than the quota for the immediately preceding marketing year. (Sec. 802.)

The *Senate* amendment provides that a farm poundage quota would be established for each farm that did not have a farm poundage quota for the 1985 crop but on which peanuts were produced in at least 2 of the 1983 through 1985 crop years. (Sec. 801.)

The *Conference* substitute adopts the *House* provision. (Sec. 702.)

(b) The *Senate* amendment provides that a farm poundage quota established for a farm as a result of an increase in the poundage quota apportioned to a State or as a result of the reduction or release of farm poundage quotas from farms in the State would be considered as being established for all subsequent marketing years unless reduced to the extent the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years immediately preceding the year for which the determination is made was not produced or considered produced on the farm, permanently released, or transferred. (Sec. 801.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(c) The *House* bill provides that if the poundage quota apportioned to a State for any of the 1987 through 1990 marketing years is decreased from the poundage quota apportioned to the State for the immediately preceding marketing year, the decrease would be allocated equally to each farm in the State for which a farm poundage quota was established for the preceding marketing year. (Sec. 802.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 702.)

(3) Referendum

The *House* bill provides that the referendum of farmers engaged in the production of quota peanuts would be to determine whether the farmers favor or oppose poundage quotas with respect to the crops of peanuts produced in the 5 calendar years immediately following the year in which the referendum is held. (Sec. 802.)

The *Senate* amendment is the same except the referendum would be held with respect to the crops of peanuts produced in the 4 cal-

endar years immediately following the year in which the referendum is held. (Sec. 801.)

The *Conference* substitute adopts the *House* provision.

(4) Lease of farm poundage quota

The *House* bill provides that a lease of a poundage quota may be entered into *in the fall* only if the quota has been planted on the farm from which the quota is to be leased and only under such terms and conditions as the Secretary may prescribe by regulation. (Sec. 803.)

The *Senate* amendment provides that a lease of a poundage quota may be entered into *after the normal planting season* under the same conditions. (Sec. 802.)

The *Conference* substitute adopts the *House* provision with an amendment inserting after the reference to "fall" leases in the *House* bill, the reference in the *Senate* amendment to leases entered into "after the normal planting season". The inclusion of both *House* and *Senate* references conforms to the Department of Agriculture's identification of such leases in the Code of Federal Regulations. (Sec. 703.)

(5) Disposition of additional peanuts

(a) The *House* bill provides that the supervision of the handling and disposal of additional peanuts by a handler would not be required if the handler agrees in writing, prior to any handling or disposal of additional peanuts, to comply with regulations prescribed by the Secretary. (Sec. 804.)

The *Senate* amendment provides that the supervision of the handling and disposal of additional peanuts contracted by a handler would not be required if the handling and disposal of the additional peanuts is conducted in the manner prescribed in regulations issued by the Secretary. (Sec. 803.)

The *Conference* substitute adopts the *House* provision. (Sec. 704.)

(b) The *House* bill requires the Secretary to issue regulations which would permit a handler of *shelled* peanuts to export, without supervision, peanuts classified by type in specified quantities. (Sec. 804.)

The *Senate* amendment is similar except it applies to *milled* peanuts. (Sec. 803.)

The *Conference* substitute adopts the *House* provision with an amendment inserting after the reference to "shelled" peanuts in the *House* bill, the reference in the *Senate* amendment to "milled" peanuts; and including related language conditioning the regulatory authority of the Secretary of Agriculture with respect to additional peanuts owned or controlled by the Commodity Credit Corporation such that disposition of additional peanuts will be conducted in such a way that does not result in substantially increased cost to the Commodity Credit Corporation. (Sec. 704.)

The inclusion of the reference to milled peanuts broadens the definition to include peanuts processed in the shell as well as shelled peanuts.

The second part of the *Conference* substitute will prevent loss to the Commodity Credit Corporation by directing that regulations promulgated by the Secretary be written in a manner to prevent

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any substantial increased costs to the Commodity Credit Corporation that could result under the so-called "buy-back" practices. The Secretary of Agriculture will be required to operate the "buy-back" provisions in a manner that will not result in substantially increased cost to the Commodity Credit Corporation.

The practice known as "buy-back" is practically the only part of the peanut program to which Government cost is associated. The *Conference* substitute will correct abuses such as the dissolution of export or crushing contracts that results in those peanuts entering the domestic market through the "buy-back".

The *Conference* substitute in no way will interfer with the Secretary's authority to implement and administer the peanut price support program. It does, however, provide the Secretary with the authority to prohibit or curb all practices dealing with the storage or disposition of any peanuts owned or controlled by the Commodity Credit Corporation that result in substantially increased cost to the Government.

(6) Marketing penalties

The *House* bill provides that until a marketing penalty is paid, other than a penalty on an importer for reentering in commercial quantities into the United States additional peanuts exported by a handler, a lien would be in effect in favor of the United States on the crop of peanuts with respect to which the penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest. (Sec. 804.)

The *Senate* amendment provides for a lien in favor of the United States for all unpaid marketing penalties for peanuts, including penalties on importers. (Sec. 803.)

The *Conference* substitute adopts the *Senate* amendment. (Sec. 704.)

(7) Price support

(a) The *House* bill requires the Secretary of Agriculture to make price support available for the 1986 through 1990 crops of peanuts. (Sec. 805.)

The *Senate* amendment requires the Secretary to make price support available for the 1986 through 1989 crops of peanuts. (Sec. 804.)

The *Conference* substitute adopts the *House* provision. (Sec. 705.)

(b) The *House* bill provides that the national average quota support rate for each of the 1987 through 1990 crops of quota peanuts would be the national average quota support rate for the immediately preceding crop, adjusted to reflect any *increase* in the national average cost of peanut production during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined. (Sec. 805.)

The *Senate* amendment provides that the national average quota support rate for each of the 1987 through 1989 crops of quota peanuts would be the national average quota support rate for quota peanuts for the preceding crop, adjusted to reflect any *change* in the national average cost of peanut production during the calendar year immediately preceding the marketing year for the crop for

which a level of support is being determined and could not be less than the national average quota support rate for the 1985 crop of quota peanuts. (Sec. 804.)

The *Conference* substitute adopts the *House* provision. (Sec. 705.)

(8) Marketing pools

(a) The *Senate* amendment requires each area marketing association to establish pools and maintain records by area and segregation for additional peanuts produced without a contract between a handler and a producer. (Sec. 804.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment. The *Senate* amendment (as does current law) requires each area marketing association to establish pools and maintain records for "additional peanuts produced without a contract between a handler and a producer". Such pool has never been maintained and it is clear that the statutory provision in question is meaningless.

(b) The *House* bill provides that bright hull and dark hull Valencia peanuts would be considered as separate types for the purpose of establishing separate pools for Valencia peanuts produced in New Mexico. (Sec. 805.)

The *Senate* amendment requires separate pools to be established for bright hull and dark hull Valencia peanuts produced in New Mexico but does not consider such peanuts as separate types. (Sec. 804.)

The *Conference* substitute adopts the *House* provision. (Sec. 705.)

(c) The *House* bill excludes separate type pools established for Valencia peanuts produced in New Mexico from the requirement that losses in area quota pools other than losses incurred as a result of transfers from additional loan pools to quota loan pools be offset by any gains or profits from pools in other production areas. (Sec. 805.)

The *Senate* amendment contains no comparable provision. (Sec. 804.)

The *Conference* substitute adopts the *House* provision with a technical amendment clarifying the exclusion of Valencia peanuts produced in New Mexico from the area "offset" requirement. (Sec. 705.)

Title VIII—Soybeans

(1) Soybean price support

(a) The *House* bill requires that the price of soybeans be supported during each of the 1986 through 1990 marketing years. (Sec. 901.)

The *Senate* amendment requires that the price of soybeans be supported during each of the 1986 through 1989 marketing years. (Sec. 901.)

The *Conference* substitute adopts the House provision.

(b) The House bill provides that the minimum support price for soybeans will be $5.02 per bushel. (Sec. 901.)

The *Senate* amendment provides that the minimum support price for soybeans will be $4.25 per bushel. (Sec. 901.)

The *Conference* substitute adopts the *House* provision for the 1986 and 1987 crop years. For the 1988 through 1990 crop years, the Secretary of Agriculture would set the loan level at 75 percent of the average market price in the preceding 5 years, excluding the high and low years. The loan level, however, could not be reduced by more than 5 percent in any year and in no event could the loan level be less than $4.50 per bushel.

(c) The *House* bill provides that if the Secretary determines, with respect to the 1986 crop of soybeans, that the level of loans and purchases computed under the formula using the 5 year average market prices would discourage the exportation of soybeans and cause excessive stocks of soybeans in the United States, the Secretary may reduce the level of loans and purchases for the 1986 crop by the amount the Secretary determines necessary to maintain domestic and export markets, but not by more than 5 percent. (Sec. 901.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to authorize the additional 5 percent reduction in the loan level for each of the 1987 through 1990 crops in addition to the 1986 crop. Any reduction in the loan purchase level for soybeans under this paragraph shall not be considered in determining the loan and purchase level for soybeans for subsequent years.

(d) The *House* bill provides that the level of loans and purchases for soybeans may not be set below $4.50 per bushel under the authority of the Secretary to reduce the level of loans and purchases when the market price of soybeans in the previous marketing year is not more than 105 percent of the level of loans and purchases for such year. (Sec. 901.)

The *Senate* amendment sets this minimum at $4.25 per bushel. (Sec. 901.)

The *Conference* substitute adopts the *House* provision with an amendment to delete reference to the authority of the Secretary to reduce the loan level when the market price of soybeans in the previous marketing year is not more than 105 percent of the level of loans and purchases for such year.

(e) The *Senate* amendment provides that if the Secretary determines that such action will assist in maintaining the competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary shall permit a producer to repay a soybean loan for a crop at the lesser of (A) the loan level determined for such crop, or (B) the prevailing world market price for soybeans. If the Secretary exercises this authority, the Secretary is required to prescribe by regulation a formula to define the prevailing world market price for soybeans and a mechanism for announcing periodically such world market price. Not later than 60 days after making the determination to exercise this authority, the Secretary must publish in the Federal Register proposed regulations specifying such formula and mechanism and invite public comment on the proposal. (Sec. 901.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to authorize, instead of require, the Secretary to permit a producer to repay loans at less than the loan level.

(f) The *House* bill provides that the Secretary may not allow the planting of soybeans for harvest on acreage set aside or diverted from production under any other Government program. (Sec. 901.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

(g) The *Senate* amendment provides that (A) soybeans may not be considered an eligible commodity for any reserve program, and (B) the Secretary may not authorize payments to producers to cover the cost of storing soybeans. (Sec. 901.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(2) Soybean payments for the 1985 crop

(a) The *Senate* amendment provides that any producer who redeems, within 60 days after enactment of the bill, soybeans pledged as collateral for a 1985-crop loan will not be required to pay interest on the loan. (Sec. 902.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the Senate provision.

(b) The *Senate* amendment requires the Secretary of Agriculture to make payments available to producers of the 1985 crop of soybeans (A) who have outstanding price support loans secured by 1985-crop soybeans on the date of enactment of the bill and who redeem such loan collateral, (B) who, although eligible to obtain a loan or purchase agreement, agree to forgo obtaining such loan or purchase agreement in return for such payments, or (C) who have marketed such crop before the enactment of the bill.

Payments would be made in an amount equal to the higher of—

(A) an amount determined by multiplying $35 by the number of acres of soybeans harvested for such crop, or

(B) an amount determined by multiplying—

(i) the actual yield per harvested acre of soybeans on the farm for the 1985 crop, by

(ii) the number of acres of soybeans harvested on the farm for such crop, by

(iii) $1.00 per bushel.

The actual yield of soybeans may be adjusted by the Secretary to correct for abnormal factors affecting such yield as a result of drought, other natural disaster, or other condition beyond the control of the producer and as may otherwise be adjusted by the Secretary to provide for a fair and equitable yield. If no actual yield can be established for the farm for the 1985 crop, the Secretary may determine such yield on such basis as the Secretary determines to be fair and equitable.

The Secretary of Agriculture may make up to 15 percent of the payments under this provision in soybeans. (Sec. 902.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(3) Foreign soybeans

The *Senate* amendment requires the head of an agency (as defined in 5 U.S.C. 551(1)), before making a loan or grant to a major soybean producing country in competition with the United States for export markets, to certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans. (Sec. 903.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(4) Cottonseed program

The *Senate* amendment requires the Secretary of Agriculture to implement a program providing for fair and equitable treatment for the cottonseed industry based on oilseed product value existing on November 1, 1985, if the price of the 1985 crop of cottonseed is adversely affected as a result of any change in the 1985 soybean program authorized by the bill. (Sec. 1317.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(5) Sunflower payment program for the 1985 crop

The *Senate* amendment requires the Secretary of Agriculture to make available payments to producers of the 1985 crop of sunflowers. Payments would be made in an amount equal to the higher of—

(A) an amount determined by multiplying—

(i) the actual yield of sunflowers harvested for the 1985 crop, by

(ii) the number of acres harvested on the farm for such crop, by

(iii) $2.00 per hundredweight, or

(B) an amount determined by multiplying $35 by the number of acres of sunflowers harvested for the 1985 crop.

The actual yield of sunflowers may be adjusted by the Secretary to correct for abnormal factors affecting such yield as a result of drought, other natural disaster, or other condition beyond the control of the producer and to provide for a fair and equitable yield. If no actual yield can be established for the farm for the 1985 crop, the Secretary may determine the yield on such basis as is fair and equitable.

The Secretary is authorized to issue rules and regulations as necessary to carry out this provision, and the Secretary is to make payments under this provision through the Commodity Credit Corporation. (Sec. 1310.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

Title IX—Sugar

(1) Sugar price support (Sec. 901)

(a) The *House* bill requires the Secretary of Agriculture to support the price of the 1986 through 1990 crops of domestically grown sugarcane and sugar beets. (Sec. 101.)

The *Senate* amendment requires the same except for only the 1986 through the 1989 crops. (Sec. 1001.)

The *Conference* substitute adopts the *Senate* provision except that the language shall apply for the 1986 through 1990 crops. (Sec. 901.)

(b) The *House* bill requires the Secretary to consider making annual adjustments in the loan rate for each of the 1986 through 1990 crops of sugarcane and sugar beets based on changes in such factors as inflation, costs of production, and other circumstances that may adversely affect domestic sugar production. (Sec. 101.)

The *Senate* amendment authorizes the Secretary to increase the support price for each of the 1986 through 1989 crops of sugarcane and sugar beets based on such factors as the Secretary determines appropriate, including changes in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production. (Sec. 1001.)

The *Conference* substitute adopts the *Senate* provision except that the language shall apply for the 1986 through 1990 crops. (Sec. 901.)

(c) The *House* bill provides that if the Secretary determines not to adjust the loan rate, the Secretary's findings, decision, and supporting data must be submitted to the House and Senate Agriculture Committees prior to any public announcement of the loan rate for the crop involved. (Sec. 101.)

The *Senate* amendment contains the same provision except submission of the material is not required prior to public announcement of the loan rate. (Sec. 1001.)

The *Conference* substitute adopts the *Senate* provision. (Sec. 901.)

(2) Prevention of sugar loan forfeitures (Sec. 902)

The *Senate* amendment requires the President to use all authorities available to the President, including section 22 of the Agricultural Adjustment Act of 1933 and headnote 2 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States, as may be necessary to enable the Secretary of Agriculture to operate the sugar program at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation. (Sec. 1002.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to (1) require that (a) the current quota year (December 1, 1985 through September 30, 1986) be extended by no less than 3 months, and the shipping schedules rearranged so that shipments are equally divided throughout the quota year, as extended, or (b) the sugar import program be administered in such a way as to result in at least the equivalent reduction in loan forfeitures; (2) defer the effective date of the no-net-cost requirement for the sugar program until the expiration of the current quota year; (3) delete references in the Senate bill to specific trade legislation and regulations; and (4) upon expiration of the current quota year, prohibit the allocation of a sugar import quota to any country that is a net importer of sugar unless officials of that country verify that it does not import for reexport to the United States any sugar produced in Cuba.

In administering the sugar program established under this Act, the President shall, before making any adjustments in a previously established sugar quota, use all available legal means to otherwise dispose of accumulated stocks of sugar through sale, tender, loan, or grant-in-aid.

The Conferees intend that the current quota period be extended for a minimum of 3 months and the shipping schedules be rearranged accordingly or that a reduction be made in the current quota so as to prevent an equivalent amount of forfeitures. However, upon expiration of the current quota year, the Conferees intend that the quota be adjusted to the level necessary to ensure that there are no forfeitures and thus no cost to the government.

Raw cane sugar must be refined before use for food for human consumption. Since the cane refiners play an important role in the domestic industry, the Conferees are concerned that cane sugar refining capacity should not be further impaired. To assure refineries of supplies to permit efficient operation, the Conferees encourage the Secretary to use authority contained in Section 22 to impose import fees and to continue a properly supervised import-reexport program for sugar. (Sec. 902.)

(3) Protection of sugar producers (Sec. 903)

The *Senate* amendment provides that if the bankruptcy or other insolvency of a processor has caused producers of sugar beets and sugarcane not to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary of Agriculture, on demand of the producers and on such assurances as to nonpayment as the Secretary may require, shall pay such producers the maximum benefits from the price support program, less any benefits previously received by the producers. After making such payments, the Secretary would be subrogated to the claims of the producers against the processor and other persons responsible for nonpayment and would have authority to pursue such claims. The Secretary would be required to carry out this provision through the Commodity Credit Corporation. This provision will apply to nonpayments occurring after January 1, 1985. (Sec. 1314.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision. (Sec. 903.)

Title X—Miscellaneous Commodity Provisions

SUBTITLE A

(1) Payment limitation

(a) The *House* bill will provide for payment limitations for each of the 1986 through 1990 crops of wheat, feed grains, upland cotton, extra long staple cotton, and rice. (Sec. 1011.)

The *Senate* amendment will apply to each of the 1986 through 1989 crops. (Sec. 1301.)

The *Conference* substitute adopts the *House* amendment. (Sec. 1001.)

(b) The $100,000 annual payment limitation applicable to disaster payments under the *House* bill will apply to wheat and feed grains. (Sec. 1011(2).)

The disaster payment limitation under the *Senate* amendment will apply to wheat, feed grains, upland cotton, and rice. (Sec. 1301(2).

The *Conference* substitute adopts the *Senate* amendment.

(c) The *House* bill will exclude, from the definition of payments, (A) cotton and rice diversion payments made under the House cotton and rice programs, and (B) payments made under certain cost reduction options given to the Secretary of Agriculture in the House bill (described in item (16) below). (Sec. 1011 (3).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision relating to cost reduction options, but deletes the *House* provision relating to cotton and rice diversion payments (Sec. 1001.)

(d) The *Senate* amendment will exclude, from the definition of payments, certain gains and payments as follows: (A) any gain realized from the repayment of loans for wheat, feed grains, upland cotton, or rice at a level less than the actual loan level; (B) any deficiency payment received for a crop of wheat or feed grains as a result of a loan level reduction; (C) any loan deficiency payment for a crop of wheat, feed grains, upland cotton, or rice received by agreeing to forgo crop loans; and (D) any inventory reduction payment received for a crop of wheat, feed grains, upland cotton, or rice. (Sec. 1301(3).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1001.)

(e) The *House* bill provides that the personal payment limitation will not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary of Agriculture. (Sec. 1011(5).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. (Sec. 1001.)

(f) The *House* bill provides that the rules for determining whether corporations and their stockholders can be considered as separate persons will have to be in accordance with regulations issued by the Secretary on December 18, 1970. (Sec. 1011(5).)

The *Senate* amendment provides that such regulations will be used to establish the percentage ownership of a corporation for the purpose of determining whether such corporation and stockholders are separate persons for purposes of the payment limitation. (Sec. 1301(5).)

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1001.)

(g) The *Senate* amendment will require the Secretary to issue regulations under which subchapter S corporations will be treated as partnerships for purposes of the maximum payment limitation. (Sec. 1301(5).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(2) Nonrecourse loan limit

The *House* bill, effective with respect to each of the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco, will limit, to $250,000, the total amount of nonrecourse loans that a person may receive annually for all such crops. Any loans to a person in excess of that amount will be recourse in nature. (Sec. 1012.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(3) Honey loan maximum

The *House* bill will authorize the Secretary of Agriculture to declare that the outstanding balance of nonrecourse loans a person may receive for honey in a crop year shall not exceed $250,000. Any loans to a person in excess of that amount will be recourse in nature. However, the Secretary could not make such a declaration if it would have an undue ill effect on the structure of the honey industry or on agricultural interests that depend on commercial bee colonies for pollination. (Sec. 1884.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the House provision.

(4) Disaster payments for soybeans and sugar

The *Senate* amendment will authorize the Secretary of Agriculture to make prevented planting and reduced yield disaster payments available for each of the 1985 through 1989 crops of soybeans, sugar beets, and sugarcane.

If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for soybeans, sugar beets, or sugarcane to such commodities or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary could make prevented planting payments to the producers in an amount equal to the product obtained by multiplying (a) the number of acres affected (but not to exceed the acreage planted to the described commodities for harvest—including prevented planting acreage—in the preceding year), by (b) 75 percent of the farm program payment yield established by the Secretary, by (c) a payment rate equal to 50 percent of the loan level for the crop.

If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of soybeans, sugar beets, or sugarcane that producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield for the crop by the acreage planted for harvest, he could make a reduced yield disaster payment to producers. Such payment would be made at a rate equal to 50 percent of the loan level for the crop for the deficiency in production below 60 percent for the crop.

The *Senate* amendment provides the Secretary with authority to adjust payments made available for a farm so as to ensure the equitable allotment of payments among producers, taking into ac-

count other Federal disaster assistance provided to producers for the crop involved. (Sec. 1311.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with an amendment to include peanuts plus a conforming amendment to conform the provision to the life of the bill as annually provided in the *House* bill. (Sec. 1008.)

(5) Increase in acreage limitations

The *Senate* amendment will authorize the Secretary of Agriculture to increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of the commodity involved at the end of the crop year will exceed 33 percent of the annual usage of such commodity. (Sec. 1312.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(6) Cost of Production Board

The *House* bill will extend the National Agricultural Cost of Production Standards Review Board for five years. (Sec. 1013.)

The *Senate* amendment will extend the Board for four years. (Sec. 1430.)

The *Conference* substitute adopts the *House* provision. (Sec. 1022.)

(7) Commodity Credit Corporation sales price restrictions

(a) The provisions in the *House* bill relating to Commodity Credit Corporation sales price restrictions applicable to wheat and feed grains will be effective through the marketing years for the 1990 crops. (Sec. 1014.)

The similar provisions in the *House* amendment will be effective through the marketing years for the 1989 crops. (Sec. 1306.)

The *Conference* substitute adopts the *House* provision. (Sec. 1007.)

(b) The *Senate* amendment provides that, if the Secretary of Agriculture permits loan repayments with respect to a crop of wheat, corn, grain sorghum, barley, oats, or rye at a rate less than the loan level for the crop, the Corporation could not sell any of its stocks of the commodity at less than 115 percent of the average loan repayment rate during the period of the loans. (Sec. 1306(1).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1007.)

(8) Application of terms

The *House* bill provides that the application of certain terms (contained in title IV of the Agricultural Act of 1949) to wheat, feed grains, upland cotton, and rice under the bill will be effective through the 1990 crops of such commodities. (Sec. 1015.)

The similar provisions in the *Senate* amendment will be effective through the 1989 crops. (Sec. 1307.)

The *Conference* substitute adopts the *House* provision. (Sec. 1017.)

(9) Normal crop acreage

(a) The *House* bill will extend, through the 1990 crops, provisions of section 1001 of the Food and Agriculture Act of 1977 that authorize the Secretary of Agriculture to impose a normal crop acreage requirement as a condition of eligibility for participation in the wheat and feed grain programs when a set-aside program for the crop involved is in effect. (Sec. 1016.)

The *Senate* amendment will extend this authority through the 1989 crops and apply it to upland cotton and rice also. (Sec. 1302(1).)

The *Conference* substitute adopts the *House* provision. (Sec. 1012.)

(b) The *Senate* amendment will add a new subsection to section 1001 of the 1977 Act authorizing the Secretary to require, whenever marketing quotas are in effect for any of the 1987 through 1989 crops of wheat, that, as a condition of eligibility for loans, purchases, and payments on any commodity under the 1949 Act, the acreage on a farm normally planted to crops designated by the Secretary be reduced by a quantity equal to the acreage that normally would be planted to wheat on the farm minus the individual farm program acreage for wheat for the farm. (Sec. 1303(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment. With a continuing amendment making it effective through the 1990 crops. (Sec. 1012.)

(10) Determinations of the Secretary

(a) The *Senate* amendment will expand the provisions of the Agricultural Adjustment Act of 1938 relating to the finality of determinations of facts concerning payments and loans under commodity programs to make them applicable to extra long staple cotton, in addition to wheat, feed grains, upland cotton and rice.

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1016.)

(b) The *Senate* amendment will require the Secretary of Agriculture to determine rates of loans, payments, and purchases under the 1986 through 1989 commodity programs under the Agricultural Act of 1949 without regard to the requirements for notice and public participation in rulemaking prescribed under title 5 of the U.S. Code, or in any directive of the Secretary. (Sec. 1303.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with a conforming amendment making the provision effective through the 1990 crop. (Sec. 1016.)

(11) Multiple commodity planting

The *Senate* amendment will authorize the Secretary of Agriculture, effective for the 1986 through 1989 crops, if a producer historically has produced crops of two commodities on the same land in the same year and the producer has diverted acreage on the farm from the production of one of the commodities under an acreage reduction program, to permit the producer to plant a second crop of the other commodity on the diverted acreage. (Sec. 1304.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(12) Haying and grazing

(a) The *House* bill will extend the special haying and grazing program under section 109 of the Agricultural Act of 1949 through the 1990 crops. (Sec. 1017(a).)

The *Senate* amendment will extend the program through the 1989 crop year. (Sec. 1309.)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* bill will add to the Agricultural Act of 1949 a new section providing that, notwithstanding any other provisions of the Act, in carrying out any acreage limitation, set-aside, or land diversion program under the Act for wheat, feed grains, upland cotton, or rice, the Secretary of Agriculture must permit participating producers in any State to devote all or any part of the acreage diverted from production under the program to haying and grazing during the eight months of each year selected by the State ASC committee. However, a producer could not sell any hay or other crop harvested from the acreage devoted to such haying and grazing. (Sec. 1017(b).)

The *Senate* amendment contains comparable provisions applicable only to wheat. See item 9(e) under title IV—Wheat.

The *Conference* adopts the *Senate* amendment and applies it to feed grains, upland cotton, and rice. (Sec. 308, 401, 501, and 601.)

(13) Supplemental set-aside and acreage limitation authority

The *House* bill will provide authority for the Secretary of Agriculture to announce and provide for a set-aside or acreage limitation program for one or more of the 1986 through 1990 crops of wheat and feed grains if the Secretary determines such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of government. (Sec. 1018.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 1011.)

(14) Normal supply

The *House* bill provides that, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for any of the 1986 through 1990 marketing years is not likely to be excessive and that program measures to reduce or control the planted acreage are not necessary, such decision will constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination can be made to the contrary. (Sec. 1019.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 1018.)

(15) Multiyear set-asides

The *House* bill will authorize the Secretary of Agriculture to enter into multiyear set-aside contracts, for a period not to extend beyond the 1990 crops, with participants in the wheat, feed grains, upland cotton, and rice programs for the 1986 through 1990 crops.

Producers entering such agreements would have to devote the set-aside acreage to vegetative cover; and livestock grazing would be prohibited, absent a presidentally-determined disaster. The Secretary would provide cost sharing incentives to farm operators for the establishment of vegetative cover, whenever a multiyear set-aside contract is entered into. (Sec. 1020.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision. (Sec. 1010.)

(16) Cost reduction options

The *House* bill will provide the Secretary of Agriculture with certain authorities to reduce the direct or indirect cost of commodity programs, when this can be accomplished without adversely affecting income to small and medium-sized producers in the program. Actions that the Secretary could take under the *House* bill are: (a) whenever a nonrecourse loan program is in effect for a commodity, the purchase of amounts of the commodity to strengthen prices if the cost of such purchases plus carrying charges will probably be less then the comparable cost of acquiring the commodity through defaults on loans; (b) when the domestic price of a commodity is too low to cover principal and interest on program loans, the forgiveness of interest on loans if such action will yield savings to the Government; and (c) if conditions change after the announcement of a production control program, the reopening of the program prior to harvest to allow producers to submit bids to divert crop acres in return for payments in kind from Commodity Credit Corporation stocks. Such PIK payments would not be subject to the payment limitation described in item (1) above, but would be limited to total of $20,000 per year per producer for any one commodity. (Sec. 1021.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision. (Sec. 1009.)

(17) Interest payment certificates

The *Senate* amendment will authorize the Secretary of Agriculture, effective for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice, to issue, to producers who repay (with interest) loans made under a program for any such commodity, negotiable certificates redeemable in wheat, feed grains, upland cotton, or rice, as the case may be, equal to the amount of interest repaid by the producer on the loan. The issuance of the certificates will be subject to the availability of Commodity Credit Corporation commodities. (Sec. 1305.)

The *House* bill contains on comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with a change making the provision effective through the 1990 crops. (Sec. 1004.)

(18) Advance deficiency and diversion payments

(a) The *House* bill will *require* the Secretary of Agriculture, if an acreage limitation or set-aside program is established for any of the 1986 through 1990 crops of wheat, upland cotton, rice, and feed grains, to make advance deficiency payments available to producers who agree to participate in the program. (Sec. 1023.)

The *Senate* amendment will *authorize* the Secretary to make such advance deficiency payments, and will be effective for each of the 1986 through 1989 crops of such commodities. (Sec. 1308.)

The *Conference* substitute adopts the *Senate* amendment with an amendment that requires the Secretary to make advance deficiency payments available to producers who agree to participate in the 1986 wheat, feed grain, upland cotton, and rice programs, and also with a conforming change to make the provision effective through the 1990 crops. (Sec. 1002.)

(b) The *House* bill provides that advance deficiency payments will have to be made available to producers as soon as practicable after October 1 of the calendar year in which the crop involved is harvested, except that, at the Secretary's discretion, the Secretary could make the payments available to any producer prior to such date at any time after notice of intention to participate in the program is filed. (Sec. 1023.)

The *Senate* amendment will require that advance deficiency payments be made as soon as practicable after a producer enters a contract with the Secretary to participate in the program. (Sec. 1308.)

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1002.)

(c) The *Senate* amendment provides for the making of advance deficiency payments in cash, in commodities owned by the Commodity Credit Corporation (or, at the option of the producer, negotiable certificates redeemable in such commodites), or in a combination of cash and commodites (or certificates). Certificates would be redeemable for up to three years after they are issued. Not more than 50 percent of payments could be made in commodities. The CCC would pay the cost of storing a commodity to be received under a certificate until such time as the certificate is redeemed. (Sec. 1308.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopt the *Senate* admendment. (Sec. 1002.)

(d) The *House* bill would limit the payment, per unit of production, the 50 percent of the projected deficiency payment rate under the program involved. (Sec. 1023.)

The *Senate* amendment would limit the per unit payment to 90 percent of the payment rate, as based on the estimated market price received by producers during the first five months of the marketing year for the crop involved. (Sec. 1308.)

The *Conference* substitute adopts the *Senate* amendment. (Sec. 1002.)

(e) *Senate* amendment will authorize the Secretary, if land diversion payments are to be made to assist in adjusting the total national acreage of any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice to desirable levels, to make at least 50 percent of such payments available to each producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments. (Sec. 1308.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with a conforming change extending the provision to the 1990 crops. (Sec. 1002.)

(19) Wheat and feed grain export certificate programs

The *House* bill, effective for the 1986 through 1990 crops of wheat and feed grains, provides for two alternative export certificate programs for wheat and feed grains.

Under one alternative, a *cash export certificate program,* the Secretary of Agriculture could furnish incentives, applicable to any of the eligible crops of the commodity involved, for the export of wheat and feed grains from private stocks. The incentives will be provided as follows:

(a) The Secretary will issue export certificates to producers of the crop to whom the Secretary makes loans and payments.

(b) Each certificate will bear a monetary denomination and a designation specifying a quantity of the crop selected by the Secretary.

(c) The aggregate quantity of wheat or feed grains specified in all certificates for a crop will be equal to (A) the aggregate amount of wheat or feed grains produced by farmers participating in the program for that crop, as determined by multiplying the acreage planted by each producer for harvest by the producer's program yield for the commodity, times (B) an export production factor.

(d) The export production factor will be determined by the Secretary by dividing the quantity of the crop harvested domestically that the Secretary estimates will not be used domestically and will be available for export (excluding the portion of the crop expected to be added to carryover stocks) during the marketing year for the crop by the quantity of the crop that the Secretary estimates will be harvested domestically.

(e) Certificates will be distributed among eligible producers in a manner that will ensure that each producer receives certificates having an aggregate face value that represents a rate of return per unit of wheat or feed grains produced that is uniform among farmers.

(f) Certificates will be redeemed by the Secretary for a cash amount equal to the monetary denomination on the certificate (or, at the option of the Secretary, a quantity of the commodity involved having a current fair market value equal to such amount) on presentation by a holder who exports a quantity of the crop (including processed wheat or feed grains) involved equal to the quantity designated in the certificate.

The Secretary would expend to carry out the program, with respect to a crop of wheat or feed grains, in addition to other amounts provided by law to finance or encourage exports, an amount not less than the product of (a) 21 cents for wheat, 11 cents for corn, and such amounts for grain sorghums, oats, and, if designated by the Secretary, barley as he determines fair and reasonable in relation to the amount specified for corn times (b) the aggregate of the wheat or feed grain acreage planted to the commodity for harvest by producers participating in the program for the crop times (c) the average of the program yields for the crop.

Under the other export certificate program, involving noncash certificates, effective for each of the 1986 through 1990 crops of wheat and feed grains, the Secretary could issue, to producers of wheat or feed grains participating in the program for the crop who meet the requirements of the program, export marketing certifi-

cates denominated in bushels of wheat or feed grains. The program would be operated as follows:

(a) Not later than three months prior to the beginning of the marketing year for the crop, certificates would be issued to eligible producers that plant at least 50 percent of their farm's wheat or feed grain crop acreage base for the crop. The certificates would be applicable to the marketing year for the crop and, in the aggregate, would equal the quantity of the commodity the Secretary estimates will be exported during the marketing year. Each eligible producer would receive certificates for a quantity of the commodity that bears the same ratio to the quantity of estimated exports as the producer's crop acreage base for that crop of the commodity bears to the aggregate total of all eligible producers' crop acreage bases for that crop. Each certificate would designate the producer by name and crop involved.

(b) If seven months after the beginning of the marketing year, the Secretary determines that the amount of the commodity that will be exported during the marketing year will exceed the quantity of the commodity represented by the certificates so issued, the Secretary could issue additional certificates to producers that initially received certificates sufficient to cover the additional exports.

(c) Producers could convey certificates to purchasers of the commodity sold by the producers at any time prior to the end of the marketing year. If a producer has less wheat or feed grains to sell than the quantity represented by the certificates issued to him, the producer, at any time prior to the end of the marketing year, could sell the extra certificates to any person for such price as agreed on by the producer and purchaser. Any certificate could be reconveyed without restriction.

(d) To be eligible to receive certificates, a producer would have to participate in the price support program for the crop, and—

(A) if there is no acreage limitaton or set-aside in effect for the crop, limit the acreage on the farm planted to the crop for harvest to the farm's wheat or feed grain crop acreage base, or

(B) if an acreage limitation or set-aside program is in effect for the crop, comply with the terms of the program.

(e) Whenever the Secretary issued certificates, no person could export wheat or wheat products, or feed grains or feed grain products, from the United States during the marketing year for the crop without surrendering to the Secretary, at the time of export, export marketing certificates for the crop representing the quantity of the commodity being exported or, in the case of wheat or feed grain products, the equivalent quantity of the commodity contained in the products exported. Persons that fail to comply would be guilty of a misdemeanor and be subject to a fine of not more than $25,000 or imprisonment for not to exceed one year, or both. (Sec. 1024.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the House provision with an amendment providing that these programs be funded through the general funds of the Commodity Credit Corporation, rather than through a reduction in deficiency payments. (Sec. 1006.)

The conferees particularly encourage the Secretary to utilize the Export Certificate Program, inasmuch as it is producer-oriented

with income enhancement going to those participating in the farm commodity programs designed to achieve national farm policy objectives contained in agricultural legislation such as the Food Security Act of 1985.

(20) Required disposition of surplus commodities

The *House* bill provides that, if the Secretary of Agriculture determines that food and feed stocks acquired by the Commodity Credit Corporation through nonrecourse loan programs cannot be disposed of in normal domestic trade channels without impairment of price support programs or sold abroad at competitive world prices, the CCC will have to dispose of such commodities for the purposes of emergency domestic food assistance, emergency humanitarian food needs in developing countries, market development, export enhancement, or other such appropriate uses. (Sec. 1025.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(21) Noncompliance based on excess idled acres

The *House* bill provides that a producer who removes land from production under an acreage limitation or set-aside program for a crop of wheat, feed grains, cotton or rice, and idles more land than required, will not have payments reduced, nor be subject to penalty, for failure to plant on the excess idled acres or for failure to accurately report acreage, unless the Secretary of Agriculture determines by the preponderance of evidence that the producer's acts were committed to obtain funds to which such producer was not entitled by law. (Sec. 1026.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(22) Advance recourse commodity loans

The *House* bill will authorize the Secretary of Agriculture to make advance recourse loans available to producers of commodities of the 1986 through 1990 crops for which nonrecourse loans are made available, if the Secretary finds such action is necessary to ensure that adequate operating credit is available to producers. Crop insurance would be required as a condition of eligibility for any such loan. (Sec. 1027.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House provision.* (Sec. 1003.)

(23) Corn marketing year

The *House* bill will redesignate the marketing year for corn from October 1–September 30 to September 1–August 31. (Sec. 1029.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision. (Sec. 1020.)

(24) Crop diversion land eligibility

The *Senate* amendment states the sense of the Senate that the Secretary of Agriculture should revise Department of Agriculture regulations concerning land eligibility for crop diversion programs to prohibit farmers from placing the same cropland in any crop di-

version program that may be in effect during consecutive years, except under uncontrollable circumstances such as heavy rains, drought, or other adverse weather conditions. (Sec. 1313.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(25) Crop insurance coverage of winter and spring wheat

(a) The *Senate* amendment will revise the Federal crop insurance program to include winterkill of winter wheat as one of the insured perils covered by multiperil crop insurance sold under the program.

The *House* bill contains no comparable provision. (See paragraph (b) below.)

The *Conference* substitute deletes the *Senate* provision.

(b) The *Senate* amendment will require the Secretary of Agriculture to conduct a study of the practice of offsetting the quantity of winter and spring wheat producers to determine the benefits due under Federal crop insurance policies. The Secretary would have to report the results of the study, along with any recommendations for legislation or regulations, to the agriculture committees of Congress not later than 180 days after enactment of the bill. (Sec. 1315.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with an amendment requiring the Secretary to study the feasibility and desirability of including winterkill of winter wheat as a loss covered by Federal crop insurance. (Sec. 1022.)

(26) Federal Crop Insurance Corporation funding

The *Senate* amendment will revise the mechanisms by which certain operations of the Federal Crop Insurance Corporation are funded, as follows:

(a) All capital stock in the Corporation currently issued and subscribed by the United States essentially will be cancelled. (Under existing law, the Corporation has an authorized capital stock of $500 million; under the bill, the authorized capital stock will be $1).

(b) The general powers of the Corporation described in the Federal Crop Insurance Act would be expanded to include the powers to—

(A) borrow money, as permitted under the Act; and

(B) use all funds and assets of the Corporation including capital, net earnings, allocated funds, and borrowed funds.

(c) Appropriations would be authorized to cover the redemption of obligations issued to the Corporation by the Secretary of the Treasury. However, such appropriations could be used only after all other sources of funds available to the Corporation (including premium income) is used to redeem the obligations.

(d) Whenever the Corporation earns a net realized gain for a year, the earnings will be held in an interest-bearing account in the Treasury, to be available to the Corporation without fiscal year limitation. The Corporation would have to use such earnings, as practicable, to repay Treasury obligations.

(e) The *Senate* amendment would repeal the provision in current law that the Corporation can borrow from the Treasury only to the

extent or in the amounts provided in appropriation Acts. In place of that provision, a new provision would be added stating that not more than $1 billion can be borrowed and outstanding from the Treasury at any one time. (Sec. 1316.)

The *House* bills contains no comparable provisions.

The *Conference* substitute replaces the language of the original *Senate* amendment with language authorizing the Federal Crop Insurance Corporation to borrow from the Commodity Credit Corporation at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay the claims of farmers for insured crop losses. (Sec. 1021).

(27) Advance announcement

The *Senate* amendment will require the Secretary of Agriculture to offer an option to producers of the 1987 through 1990 crops of wheat, feed grains, upland cotton, and rice with respect to participation in the commodity price support, production adjustment, and payment programs, as follows: If, in any county, the Secretary has not made final announcement of the terms of the program for a crop on or before the later of—

(a) 60 days prior to the normal planting date for the commodity in the county, and

(b) in the case of—

(i) wheat, July 1 of the calendar year prior to the crop year for which such program is announced,

(ii) feed grains, November 15 of the calendar year prior to the crop year for which such program is announced,

(iii) upland cotton, November 1 of the calendar year prior to the crop year for which such program is announced, and

(iv) rice, January 31 of the year for which such program is announced,

then the Secretary would have to permit producers of such commodities to elect to receive price support payments and other program benefits as provided (A) in the program announced for the crop year or (B) in the alternate program described below, which would be based on the program for the crop immediately preceding the crop with respect to which the election is made.

Under the alternate program, the Secretary would permit eligible producers to participate in the program for the commodity involved by complying with the terms of the program announced for the preceding crop of the commodity. Further, the Secretary would have to make available to such producers, if they complied fully with the terms and conditions of any acreage reduction program as established for the preceding year's crop of the commodity—

(a) loans at the level established for the then current program for the commodity;

(b) deficiency payments calculated on the same basis as the deficiency payments were calculated for the preceding crop; and

(c) payments equal to the difference between the level of loans for the current crop and the level of loans for the preceding crop (in cash or in-kind commodities).

In the case of the 1990 crops, the Secretary would make available to such producers if they comply fully with the terms and conditions of any acreage reduction program established for the 1989 crops of the commodity—

(a) loans at the level established for the 1991 crop under future legislation;

(b) deficiency payments calculated on the basis of the established price for the 1989 crop; and

(c) payments equal to the difference between the level of loans that the producer is eligible to receive for the 1990 crop and the level of loans for such commodity for the 1989 crop (in cash or in-kind commodities).

If legislation is not enacted that provides for loans to be made with respect to the 1990 crop of a commodity, none of these provisions will apply to the 1990 crop.

The Secretary would consider the acreage base and yield for any farm with respect to which a producer exercises the option described herein to be equal to the acreage base and yield that was established, or would have been established, for such farm for the year preceding the year for which the election is made. (Sec. 1318.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with an amendment that authorizes the Secretary to implement the advance announcement authority, rather than being required to. The amendment to the *Senate* provision would also change the years 1989 and 1990 to 1990 and 1991, respectively, wherever they appear in the *Senate* provision.

The conferees agree that the Secretary's discretionary authority is to include the ability to offer producers partial as well as total program options. The Secretary could offer producers the option of the previous year's bases and set asides, wheat grazing, and other appropriate provisions needed to allow farmers to make planting decisions, without providing the price support provisions of the current year's program.

This section is particularly intended to be used in a year, such as 1985, when the Secretary is concerned that he lacks statutory authority to announce next year's commodity programs. Under such circumstances, the Secretary is encouraged to provide the full program option so that producers can arrange financing as well as decide how many acres to plant or graze. (Sec. 1016.)

(28) Producer reserve program for wheat and feed grains

The *House* bill, effective beginning with the 1986 crops, will revise the provisions of the producer storage program for wheat and feed grains to—

(a) add, as a purpose of the program, providing for adequate, but not excessive, carryover stocks to ensure a reliable supply of the commodities;

(b) provide for repayment of loans in not less than three years, with extensions as warranted by market conditions;

(c) provide for recovery of storage payments, and the payment of additional interest or other charges, if producers repay loans when (A) the total amount of wheat or feed grains in storage under programs under the section is below the upper

limits for such storage described in clause (f) below and (B) the market price for the commodity is under the release levels described in clause (d) below;

(d) provide for inducing producers to redeem and market the commodities when the market price has reached the higher of 140 percent of the nonrecourse loan rate for the commodity or the established price for the commodity;

(e) add a provision that whenever (A) the total amount of wheat stored under the storage program is less than 17 percent of the estimated total domestic and export usage of wheat during the then current marketing year for wheat, as determined by the Secretary of Agriculture, or the total amount of feed grains stored under the storage program is less than 7 percent of the estimated total domestic and export usage of feed grains during the then current marketing year, as determined by the Secretary, and (B) the market price of the commodity, as determined by the Secretary, does not exceed 140 percent of the nonrecourse loan rate for the commodity, the Secretary will be required to encourage participation in the program by offering producers increase storage payments and loan levels, interest waivers, or such other incentives as he determines necessary to maintain the total amount of storage under the program at the levels specified above. The Secretary also will be required to ensure that producers are afforded a fair and equitable opportunity to participate in each producer storage program, taking into account regional differences in the time of harvest; and

(f) substitute for provisions of current law (which provide that any upper limit on the amount of grain that can be placed in the reserve cannot be less than 700 million bushels for wheat and one billion bushels for feed grains) new provisions providing that—

(A) prior to the harvest of each crop of wheat and feed grains, the Secretary must determine and establish upper limits on the total amount of wheat and feed grains that can be stored under the storage program to be effective during the marketing years for such crops. The upper limit on the total amount of wheat could not exceed 30 percent of the estimated total domestic and export usage of wheat during the marketing year for the crop, as determined by the Secretary, and the upper limit on the total amount of feed grains could not exceed 15 percent of the estimated total domestic and export usage of feed grains during the marketing year, as determined by the Secretary; and

(B) the Secretary could establish the upper limits at higher levels—not in excess of 110 percent of the levels determined above—if he determines that the higher limits are necessary to achieve the purpose of the program (Sec. 1022.)

The *Senate* amendment contains no comparable provisions. The *Conference* substitute adopts the *House* provision (Sec. 1012.)

(29) Food assistance reserve

(a) The *Senate* amendment will require the Secretary of Agriculture to establish a food assistance reserve containing up to 500 million bushels of wheat and feed grains, including—

(i) not less than 200 million bushels of wheat, to be used to provide emergency food assistance, as described in paragraph (b)(i) below; and

(ii) and not less than 100 million bushels of wheat, to be used for carrying out the foreign donations program under section 416 of the Agricultural Act of 1949. (Secs. 1201–1203.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

(b) Under the *Senate* amendment, stocks of the reserve could be made available by the Secretary to meet urgent humanitarian needs, subject to the following limits;

(i) except as provided in clause (ii) below, stocks of wheat specified in paragraph (a)(i) could be released by the Secretary only to provide, on a donation or sale basis, emergency food assistance to developing countries, if the domestic supply of wheat is so limited that quantities of wheat cannot be made available for disposition under Public Law 480 except for urgent humanitarian purposes, under the Public Law 480 criteria relating to domestic supply situation.

(ii) up to 300,000 metric tons of the wheat specified in paragraph (a)(i) could be released from the reserve in any fiscal year, without regard to the domestic supply situation, for use under title II of Public Law 480 in providing urgent humanitarian relief in any developing country suffering a major disaster, as determined by the President, if the wheat needed for relief cannot be programmed for such purpose in a timely manner under the normal means of obtaining commodities for food assistance due to circumstances of unanticipated and exceptional need.

(iii) Stocks of wheat specified in paragraph (a)(ii) could be released by the Secretary only for carrying out section 416 foreign donation programs.

In connection with the use of stocks in reserve, the Secretary could pay the cost of processing, reprocessing, packaging, transporting, handling, and other charged, including the cost of overseas delivery. (Sec. 1203.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

(c) To establish the reserve or replenish the stocks of the reserve, the Secretary could—

(i) acquire wheat or feed grains for the reserve through purchases from producers or in the market, if the Secretary determines that such purchases will not unduly disrupt the market; and

(ii) designate stocks of wheat and feed grains otherwise acquired by the Commodity Credit Corporation as stocks of the reserve.

The Secretary could provide for the periodic rotation of stocks of the reserve to avoid spoilage and deterioration of such stocks. (Sec. 1204.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

(d) The CCC would be reimbursed from funds made available for carrying out Public Law 480 for wheat released from the reserve that is made available under Public Law 480. The reimbursement would be made on the basis of the lower of—

(i) the actual costs incurred by the CCC with respect to such wheat; or

(ii) the export market price of wheat (as determined by the Secretary) as of the time the wheat is released from the reserve for such purpose.

Reimbursement would include the actual costs incurred by the CCC with respect to processing, reprocessing, packaging, transporting, handling, and other charges, including overseas delivery. The reimbursement could be made from funds appropriated for such purpose in subsequent years. (Sec. 1205.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

(e) The *Senate* amendment would repeal—

(i) section 813 of the Agricultural Act of 1970, which provides for the establishment of a disaster reserve;

(ii) the Food Security Wheat Reserve Act of 1980, which established a wheat reserve similar to the reserve to be created under the *Senate* amendment; and

(iii) section 208 of the Agricultural Act of 1980, which provides authority for the establishment of trade suspension reserves. (Sec. 1206.)

The *House* bill extends the Food Security Wheat Reserve for five years, to September 30, 1990 (Sec. 1111).

The *Conference* substitute adopts the *House* provision. (Sec. 1013.)

SUBTITLE B

(1) Short title

The *House* bill provides that the provisions relating to bases and yields, and revisions to permanent law, for wheat, feed grains, upland cotton, and rice, can be cited as the "Agricultural Efficiency and Equity Act of 1985". (Sec. 1031.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(2) Bases and yields for producers of wheat, feed grains, upland cotton, and rice

(a) The *House* bill will establish a permanent system for determining wheat, feed grain, upland cotton, and rice crop acreage bases and program yields. (Sec. 1031.)

The *Senate* amendment will establish such bases and yields only for the 1986 through 1989 crops of those commodities. (Secs. 407, 501, 601, and 701.)

The *Conference* substitute establishes a system for determining farm acreage bases, crop acreage bases, and a farm program pay-

ment yields for the 1986 through 1990 crops of wheat, feed grain, upland cotton, and rice.

(b) The *House* bill defines the term "crop year" for the purposes of the base and yield provisions to mean the calendar year in which a crop normally is harvested, except that, in the case of a crop that is normally harvested in January, February, or March of any calendar year, the term "crop year" with respect to such crop would mean the calendar year in which such crop is planted and during which substantially all growth occurs. (Sec. 1031.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(c) *The House* bill will require the Secretary of Agriculture to establish a *farm acreage base* for each wheat, feed grain, upland cotton, or rice-producing farm, as follows: The ASC county committee would determine the farm acreage bases for farms beginning with the 1986 crop year. The farm base for a farm for a crop year would be—

(A) the number of acres equal to the average of the total acreage on the farm planted to wheat, feed grains, upland cotton, and rice for harvest (or considered planted) in each of the five crop years immediately preceding the crop year (with a special rule for the 1986 through 1988 crops of cotton and rice, the same as that described in paragraph (e) below for crop acreage bases); except that

(B) for each of the 1986 through 1988 crop years, such number of acres for any farm could not exceed the average acreage on the farm planted (or considered planted) to such crops during the two preceding crop years.

The county committee could construct a planting history for the farm for the 1986 crop year if (A) planting records for the farm for any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or (B) during at least one but not more than four of the five crop years preceding the 1986 crop year, no program crop was produced on such a farm. The planting history is to be established in a fair and equitable manner in accordance with regulations that the Secretary must publish no later than sixty days after enactment of the bill. (Sec. 4123.)

The *Senate* amendment contains no comparable provision.

(c) The *Conference* substitute authorizes the Secretary to establish a farm acreage base for the 1986 crop equal to the sum of the wheat, feed grain, upland cotton, and rice crop acreage bases.

For crop years 1987 through 1990 the Secretary must establish such farm acreage bases. For the 1987 crop year, the farm acreage base shall include (1) the crop acreage base for such year, (2) the 1986 acreage which was planted to soybeans, and (3) the 1986 acreage which was devoted to conserving uses in the normal course of farming operations. For the 1988 through 1990 crop years, such farm acreage bases shall include (1) the crop acreage base for such year, (2) the sum of the average of the acreages which, beginning with the 1986 crop, were (A) planted to soybeans, and (B) the average of the acreages which, beginning with the 1986 crop, were devoted to conserving uses.

County ASC committees may, in accordance with regulations prescribed by the Secretary, consider special and unusual circumstances with respect to establishment of farm acreage bases.

(d) The *House* bill will require the Secretary to provide for the establishment and maintenance, for each crop year, of *crop acreage bases* for wheat, feed grains, upland cotton, and rice (including any such crop produced under an established practice of double cropping) produced on each farm. The sum of the crop acreage bases for commodities produced on any farm for any crop year could not exceed the farm acreage base for such farm for such crop year, except to the extent that such excess is due to an established practice of double cropping, as determined by the county committee and subject to such regulations as the Secretary might prescribe. To the extent that, because of the different procedures for calculating crop acreage bases for wheat and feed grains and for upland cotton and rice, the sum of crop acreage bases for the farm for a crop year would exceed the farm acreage base for the crop year, but for the operation of the provision described in the preceding sentence, the crop acreage bases for the farm would be adjusted by the county committee, in consultation with the farm operator, so that the sum of the crop acreage bases does not exceed the farm acreage base. (Sec. 1002.)

The *Senate* amendment provides that the total of all crop acreage bases for a farm can never exceed the total acreage of cropland on the farm. (Secs. 407, 501, 601, and 701.)

(d) The *Conference* substitute provides that the sum of the crop acreage bases for all program crops on a farm may not exceed the farm acreage base for such farm in such crop year except to the extent that the excess is due to an established practice of double cropping.

(e) The *House* bill will direct the ASC county committees to determine the crop acreage bases for commodities for each farm with respect to each crop year beginning with the 1986 crop year. Except as otherwise provided as described in the next sentence, the crop acreage base for any commodity for a farm would be—

(A) if the program commodity is wheat or feed grains, the number of acres equal to the average of the number of acres on the farm planted to the commodity for harvest (or considered as so planted) in each of the five crop years preceding the crop year involved; and

(B) if the program commodity is upland cotton or rice, (i) for each of the 1986 through 1988 crop years, the number of acres that is equal to the average of the number of acres on the farm planted to the commodity for harvest (or considered as so planted) in each of the preceding crop years beginning with the 1984 crop year; and (ii) for each of the 1989 and succeeding crop years, the number of acres equal to the average of the number of acres on the farm planted to the commodity for harvest (or considered as so planted) in each of the five crop years preceding the crop year involved.

The county committee could construct planting history for a farm if (A) planting records for the any of the five crop years preceding the 1986 crop year are incomplete or unavailable; or (B) during at least one but not more than four of the five crop years

preceding the 1986 crop year, the program crop was not produced on the farm. The planting history is to be established in a fair and equitable manner in accordance with regulations that the Secretary would have to publish no later than sixty days after enactment.

A producer, by submitting notice to the county committee, could increase or decrease the crop acreage base for a commodity for the producer's farm for the crop year, subject to the following conditions:

(A) Any adjustment of a crop acreage base for a farm (or, in the case of an adjustment in the crop acreage bases for two or more commodities, the sum of the number of acres by which each such crop acreage base is increased or decreased) could not exceed—except in 1986—the number of acres equal to 10 percent of the farm acreage base for the farm for the crop year. The adjustment (or the sum of the number of acres by which crop acreage bases are increased or decreased when bases for two or more commodities are adjusted) for the 1986 crop year could not exceed the number of acres equal to 20 percent of the farm acreage base for the crop year.

(B) No adjustment will be construed to increase the farm acreage base for the farm for the crop year.

(C) The Secretary could suspend, on a nationwide basis, any limitation on adjustments described in clauses (A) and (B) if the Secretary determines that (i) a short supply or other similar emergency situation exists with respect to any commodity; or (ii) market factors exist that require the suspension of any limitation to achieve the purposes of the bases and yields program.

An adjustment notice would have to be submitted by the producer to the county committee before the first day of the sixty-day period ending on—

(A) the final date required by law for announcement by the Secretary of any acreage or supply control program with respect to the commodity for the crop year involved; or

(B) in the case of—

(i) wheat, May 1 of the year preceding the crop year;

(ii) feed grains, September 30 of the year preceding the crop year;

(iii) upland cotton, November 1 of the year preceding the crop year;

(iv) rice, January 1 of the crop year,

whichever date occurs first. (Sec. 1001.)

The *Senate* amendment provides for establishing acreage bases for purposes of determining any reduction under an acreage limitation program using essentially the same formula for determining such bases as the provisions of the *House* bill. However, the *Senate* amendment has no specific provisions, similar to those in the *House* bill, relating to producer adjustments of crop acreage bases, except that it will authorize the Secretary to make adjustments in acreage bases to reflect established crop rotation practices and to reflect other factors that the Secretary determines should be con-

sidered in determining fair and equitable bases. (Secs. 407, 501, 601, and 701.)

(e) The *Conference* substitute requires that the crop acreage bases are to be established by the Secretary of Agriculture, for the 1986 through 1990 crops of wheat, feed grains, upland cotton, and rice to be the average of acreage planted and considered planted (P&CP) in the 5 previous years. For cotton and rice, if the farm has no P&CP for each of the preceding 5 years, the crop acreage base shall be the average P&CP in each of the preceding 5 years excluding all but one year in which the farm had no P&CP. If the farm does not have P&CP in all 5 preceding years, the crop acreage base cannot exceed the average P&CP of the preceding 2 years.

Acreage considered planted to a crop includes (1) any reduced acreage, set-aside acreage, and divested acreage, (2) acreage prevented from planting due to a natural disaster or conditions beyond the control of the producer, (3) acreage in an amount equal to the difference between the permitted acreage for a program crop and the acreage planted to such crop, if such acreage is planted to a nonprogram not including soybeans and extra long staple cotton and (4) any acreage on the farm which the Secretary determines is necessary to establish a fair and equitable crop acreage base.

The Secretary may allow the producer, in any year, to adjust the individual crop acreage base by up to 10 percent of the farm acreage base. Any crop acreage base adjustment for wheat, feed grains, upland cotton, or rice within the farm acreage base must be offset by an equal decrease in the wheat, feed grains, upland cotton, or rice acreage base on the farm.

The Secretary may suspend the limitation on crop acreage base adjustment in special circumstances and county ASC committees may consider, in accordance with regulations prescribed by the Secretary, special and unusual circumstances with regard to establishment of crop acreage bases.

(f) The *House* bill will require the Secretary to provide for establishing *program yields* for wheat, feed grains, upland cotton, and rice for each crop year for each farm. Specifically—

(A) the ASC county committee would determine farms' program yields for commodities for any crop year beginning with the 1986 crop year. Subject to the rules described in clauses (B) and (C), and except as otherwise provided regarding assigned yields, a farm's program yield for a commodity for any crop year would be the average of the *actual yield* per harvested acre on the farm for the commodity for each of the five crop years immediately preceding the crop year involved, excluding the crop years with the highest and lowest yields per harvested acre, and any crop year in which the commodity was not planted on the farm;

(B) a farm's program yield for a commodity for any crop year could not be more than 150 percent nor, except as described in clause (C), less than 90 percent of the farms's program yield for the commodity for the immediately preceding crop year; and

(C) a farm's program yield for a commodity for the 1986 crop year could not be less than the yield established for the 1985 crop year.

The county committee could adjust the program yields for any farm within the county to the extent that the committee determines that (A) a significant change in any farming practice on the farm will materially and permanentaly affect the yields for the farm, or (B) because of the occurrence of a natural disaster or other similar condition beyond the control of the producer, the program yields for the farm do not accurately reflect the productive potential of the farm.

In the case of any farm for which the actual yield per harvested acre for any crop year is not available, the county committee could assign the farm a yield for the commodity involved for the crop year on the basis of actual yields on farms that the committee determines are similar to the farm with respect to size, location, and farming practices. (Sec. 1002.)

The *Senate* amendment provides that a farm's program payment yield for each of the 1986 through 1989 crops of wheat, feed, grains, upland cotton, or rice will be the average of the *farm program payment yields* for the farm for the 1981 through 1985 crops of the commodity involved, excluding the years in which the payment yields were the highest and the lowest.

If none of the commodity was produced on the farm, or no farm program payment yield was established for the farm, in any of the 1981 through 1985 crops, the farm program payment yield would be established at the request of the producers, on the basis of the average farm program payment yield for such year for similar farms in the county or the State in which the farm is located. If the Secretary determined it necessary, the Secretary could establish national, State, or county program payment yields for a commodity on the basis of—

(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

If national, State or county program payment yields for a commodity are established, the total farm program payment yields for the commodity would have to balance to the national, State or country program payment yields. (Secs. 407, 5601, 601, and 701.)

(f) The *Conference* substitute requires the Secretary of Agriculture to establish farm program payment yields for wheat, feed grains, upland cotton, and rice for the 1986 through 1990 crop years. For the 1986 and 1987 crop years, such program payment yields are to be established based upon the average of farm program payment yields during the crop years 1981 through 1985, excluding the high and low years.

For the 1988 through 1990 crop years, the Secretary is authorized to continue to calculate yields based on the average of the farm program payment yields for the 1981 through 1985 crop years, excluding the high and low years. Or, at his discretion, the Secretary may begin to phase in actual yields for the most recent crop in a five-year average of program yields and actual yields.

If a farm program payment yield was not established in any crop year, the ASC County Committee, in accordance with regulations prescribed by the Secretary, may assign a farm program payment

yield based upon farm program payment yields for similar farms in the area.

(g) The *House* bill would assign to the county ASC committees certain specific responsibilities under the bases and yields system under the bill. Effective for each of the 1986, and subsequent crop years, each county committee, at such time and in such manner as the Secretary prescribes by regulation, would ask any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs, under the Agricultural Act of 1949 with respect to a farm for a crop year to specify the total number of acres on the farm planted to wheat, feed grains, upland cotton, and rice for harvest in each of the five crop years immediately preceding such crop year, and the total number of acres on the farm planted to each such commodity in each crop year for harvest. Before the beginning of the crop year, the county committee would (A) establish or adjust the farm acreage base and each crop acreage base for the crop year for the farm on the basis of such information; and (B) notify each such producer of the farm acreage base and each crop acreage base that will apply to the farm for such crop year. Each county committee, in accordance with regulations prescribed by the Secretary, would maintain records of the farm acreage base for each farm operated by a producer within the county and the crop acreage base for each program crop produced on the farm. The records of the farm acreage bases and crop acreage bases for the 1986 crop would have to reflect the determinations made under the bill and include (A) any crop planting history for any farm submitted to the county committee by a producer; and (B) any construction of any planting history for any farm of the producer made by the county committee to the extent provided for in the bill.

With respect to yields, again effective for each of the 1986 and subsequent crop years, each county committee, at such time and in such manner as the Secretary prescribes by regulation, would request any producer who seeks to be considered a cooperator, or otherwise participate in the commodity programs, under the Agricultural Act of 1949 for a crop year to supply information necessary for determining the program yield for any wheat, feed grains, upland cotton, or rice produced on any farm within the county by the producer for the crop year. Later, the county committee would notify each producer of yield determinations for each crop year. Each county committee, in accordance with regulations prescribed by the Secretary, would maintain records of the program yields for any crop year for any farm operated by a producer within the county. The records of program yields for a farm for any crop year would have to reflect the determinations made under the bill and include (A) any crop history for the five crop years immediatly preceding the 1986 crop year that is submitted to the county committee by the producer; (B) any constuction of crop yield history for the farm made by the county committee to the extent provided under the bill; (C) the actual yield per harvested acre for the farm for the 1986 and each subsequent crop year; and (D) any adjustment in the program yield made by the county committee under the bill. (Sec. 1031.)

The *Senate* amendment contains no comparable provisions.

(g) The *Conference* substitute provides that county ASC committees may require, in accordance with regulations prescribed by the Secretary, producers to provide evidence of planting and production history in order to establish such bases and yields.

(h) The *House* bill will authorize each ASC county committee, with respect to any farm located within the county for which the farm acreage base and crop acreage bases cannot be established under the general rules applicable for determining farm acreage bases and crop acreage bases (such as when a new farm is established), to provide for the establishment of such bases in a fair and equitable manner in accordance with regulations that the Secretary must publish no later than sixty days after enactment of the bill. However, no bases could be so established for a farm if the producer on the farm is subject to sanctions under any provison of Federal law for cultivating highly erodible land or converted wetland. (Sec. 1002.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the House provision.

(i) The *House* bill provides that, for purposes of determining any farm acreage base or crop acreage base, the number of acres on a farm planted to wheat, feed grains, upland cotton, or rice in a crop year will include any acreage that, under any other provision of law, is reserved from production for the crop year because of the participation of the producers on the farm in an acreage or crop limitation program under such provisions of law (including acreage taken out of production of the program crop in excess of the acreage required to be reserved from production), except to the extent that such acreage is planted to soybeans. For purposes of determining any farm acreage base, the number of acres on a farm planted to wheat, feed grains, upland cotton, or rice in a crop year also will include any acreage that—

(A) is devoted by the producers on the farm to a conserving use during the crop year in the normal course of farming operations, as determined by the ASC county committee under the Secretary's regulations;

(B) the producers were unable to plant to the commodity (or if planted to the commodity, were unable to harvest) during the crop year because of the occurrence of a natural disaster or other similar condition beyond the control of the producers, as determined by the county committee;

(C) except as described in the next sentence, was planted to soybeans.

In any crop year that acreage on a farm planted and considered planted (as described above) to wheat, feed grains, upland cotton, and rice, combined, before the application of the rule described in this sentence, would exceed the farm acreage base for the farm for the crop year, and such determination would not occur but for the planting of soybeans, a number of acres equal to the difference between (A) the total of (i) the acreage on the farm devoted to wheat, feed grains, upland cotton, and rice, and (ii) the acreage on the farm planted to soybeans, and (B) the farm acreage base for the farm for the crop year, will not be considered as planted to program crops for the purposes of the preceding sentence.

If a county committee determines that the occurrence of a natural disaster or other similar condition beyond the control of the producer prevented the planting of wheat, feed grains, upland cotton, or rice on any farm within the county (or substantially destroyed any such commodity after it had been planted but before it had been harvested), under regulations prescribed by the Secretary, the producer could plant any other commodity, including wheat, feed grains, upland cotton, or rice, on the acreage of the farm that, but for the occurrence of such disaster or other condition, would have been devoted to the production of the commodity. For purposes of determining the farm acreage base, the crop acreage base, or the eligibility of the producer to be considered a cooperator, or otherwise participate in a commodity program, under the Agricultural Act of 1949, any acreage on the farm on which a substitute crop, including any program crop, is so planted would be taken into account as if such acreage had been planted to the commodity for which the other commodity was substituted. (Sec. 1002.)

The *Senate* amendment provides that, for the purposes of determining acreage bases, acreage planted to wheat, feed grains, upland cotton, or rice for harvest will include—

(A) any reduced acreage, diverted acreage, and (except for wheat) set-aside acreage; and

(B) any acreage that producers were prevented from planting to the commodity or other nonconserving crops in lieu of the commodity because of drought, flood, or other natural disaster, or other conditions beyond the control of the producers. Also, the Secretary could make adjustments in bases to reflect established crop rotation practices and other factors the Secretary determines should be considered in determining fair and equitable bases. (Secs. 407, 501, 601, and 701.)

(i) The *Conference* substitute provides that for purposes of determining farm acreage bases or crop acreage bases, acres planted for harvest of program crops, acres prevented from being planted due to natural disaster or conditions beyond the control of producers, acres diverted from production for purposes of compliance with an acreage limitation or set-aside program, conserving use acres, and acreage taken out of production of the program crop in excess of the acreage required to be reduced from production, and acres planted to soybeans may be considered in accordance with provisions for establishing farm acreage bases and crop acreage bases.

(j) The *House* bill specifically will direct the Secretary to establish, by regulation, an appeal procedure under which a person who is adversely affected by any bases or yields determination made under the bill can seek administrative review of the determination. (Sec. 1001.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute provides that the Secretary shall establish an administrative review procedure which provides for administrative review of determinations made with respect to farm acreage bases, crop acreage bases and farm program payment yields.

(j) The *House* bill specifically will direct the Secretary to establish, by regulation, an appeal procedure under which a person who is adversely affected by any bases or yields determination made

under the bill can seek administrative review of the determination. (Sec.—.)

The *Senate* amendment contains no comparable provision.

(3) Repeals and suspensions

The *House* bill, effective beginning with the 1986 crop of wheat, feed grains, upland cotton, and rice, will repeal or amend a number of provisions of permanent law. Some would be replaced by new permanent law provisions that are described in item (4) below. Specifically, provisions relating to (A) marketing quotas, acreage allotments, farm marketing quotas, and marketing certificates for wheat, and (B) cotton allotments and marketing quotas, would be repealed. (Secs. 1003 and 1005.)

The *Senate* amendment will suspend, for the life of the bill, the provisions of permanent law superseded by the bill's provisions relating to wheat and upland cotton. (Secs. 409–411, and 602.)

The *Senate* amendment also provides that the acreage allotments for the 1977 crop of upland cotton will be the preliminary allotments for the 1990 crop. (Sec. 606.)

The *Conference* did not include this section.

(4) Cooperator price support under permanent law

(a) The *House* bill, effective beginning with the 1986 crops, will amend the Agricultural Act of 1949 to limit the availability of price support under the permanent price support provisions of the 1949 Act to cooperators, and define the term "cooperator". Specifically, the *House* bill will amend the 1949 Act by—

(A) limiting, to tobacco and peanuts, the applicability of the permanent price support provisions of section 101 of the 1949 Act tied to marketing quotas;

(B) providing that the provisions of section 101 setting out permanent price support rules in cases in which producers have disapproved quotas is to apply only to peanuts;

(C) providing that the provisions of section 101 relating to the permanent level of price support to noncooperators shall not apply to wheat, corn, upland cotton, and rice;

(D) striking out, in the permanent provisions of section 103 of the 1949 Act relating to cotton, references to marketing quotas;

(E) in the permanent provisions of section 105 of the 1949 Act relating to price support levels for feed grains, substituting the term "cooperators" for "producers";

(F) in section 107 of the 1949 Act, striking out various provisions relating to permanent price support provisions for wheat; and

(G) redefining the term "cooperator" in section 408 of the 1949 Act to mean (i) with respect to wheat, feed grains, upland cotton, and rice, a "cooperator" as that term is defined in section 101(e) of the Act (described in paragraph (b) below, and (ii) with respect to any other basic agricultural commodity, producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938. (Sec.

1004.) The *Senate* amendment contains no comparable provisions.

(b) The *House* bill will add to section 101 of the Agricultural Act of 1949 a new subsection (e) (relating to "cooperators") providing that—

(A) only a producer who is a cooperator for any crop for any farm will be eligible for any loan or purchase under any price support program carried out by the Secretary for rice, upland cotton, feed grains, or wheat for the crop under section 101, 103(a), 105, or 107 (so-called "permanent law" provisions) of the 1949 Act;

(B) a producer of any such commodity will be considered a cooperator for a crop with respect to a farm if the producer has established and maintained a farm acreage base for the crop year involved for the farm, and a crop acreage base for the crop year involved for each such commodity produced on the farm, and (i) the number of acres on the farm planted to all such commodities for harvest by the producer for the crop year does not exceed the farm acreage base for the farm for the crop year, except to the extent that such excess is due to an established practice of double cropping, and (ii) the number of acres on the farm planted to each such commodity for harvest by the producer for the crop year does not exceed the crop acreage base for the commodity for the farm for such crop year;

(C) the Secretary of Agriculture could suspend, on a nationwide basis, any farm acreage base limitation or any crop acreage base limitation with respect to a crop of a commodity if the Secretary determines that (i) a short supply or other similar emergency situation exists with respect to any such commodity; or (ii) market factors exist that require the suspension of any limitation to achieve the purposes of the farm and crop acreage base and program yield system established under the bill (as described in item (2) above); and

(D) notwithstanding the provisions described in clause (B) above, the Secretary, on a nationwide basis, could consider a producer a cooperator on a crop-specific basis, regardless of overall plantings on the farm. For any crop of rice, upland cotton, feed grains, or wheat produced on a farm by the producer, the Secretary could consider the producer a cooperator if (i) the producer has established and maintained a farm acreage base and a crop acreage base.

The conference did not include this section.

SUBTITLE C—HONEY

(1) Honey price support

The *Senate* amendment requires the Secretary of Agriculture, for each of the 1986 through 1988 crops of honey, to support the price of honey through loans, purchases, or other operations at such level as the Secretary determines will maintain the competitive relationship of honey in domestic and export markets after taking into consideration the cost of producing honey, supply and demand conditions, and world prices for honey. Beginning with the 1989

crop of honey, the *Senate* amendment prohibits supporting the price of honey through loans, purchases, or other operations. (Sec. 1101.)

The *House* bill contains no comparable provision.

(Note: Under current law, the price of honey must be supported through loans, purchases, or other operations at a level not in excess of 90 percent, nor less than 60 percent, or the parity price on honey.)

The *Conference* substitute adopts a substitute amendment which provides for a reduction in the loan level to 64¢ in 1986, 63¢ in 1987, and further reductions of five percent per year in each of 1988, 1989, and 1990. The section also gives the Secretary the authority to permit producers to repay their loans at a level that is the lesser of the loan level determined for the crop year, or such level as the Secretary determines will minimize the number of loan forfeitures, not result in excessive total stocks of honey, reduce the costs incurred by the government and maintain the competitiveness of the honey industry. The Secretary may also make payments available to producers who agree to forgo loans in return for such direct payments. (Sec. 1041.)

(2) Penalties for pledging adulterated or imported honey

The *Senate* amendment provides that if the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a price support loan the person would, in addition to any other penalties or sanctions prescribed by law, be ineligible for a loan, purchase, or payment for honey for the 3 crop years succeeding the determination. For purposes of this provision, honey would be considered adulterated if any substance were substituted wholly or in part for such honey; the honey contains a poisonous or deleterious substance that may render the honey injurious to health, except that in any case in which such substance is not added to the honey, the honey would not be considered adulterated if the quantity of the substance in or on the honey does not ordinarily render it injurious to health; or the honey is for any other reason unsound, unhealthy, unwholesome, or otherwise unfit for human consumption. (Sec. 1101.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision regarding penalties for pledging adulterated or imported honey. (Sec. 1041.)

Title XI—Trade

(1) Public Law 480 Title II funding

(a) The *House* bill raises the existing $1 billion annual limitation on Title II programs to $1.2 billion. (Sec. 1101.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(b) The *House* bill changes the Title II programs from the calendar year basis in existing law, to a fiscal year basis. (Sec. 1101.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill authorizes the President to waive the program authorization ceiling if the President determines that such waiver

is necessary to undertake programs of assistance to meet urgent humanitarian needs. (Sec. 1101.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(1A) Public Law 480 Title II minimums

The *Senate* amendment provides that the minimum quantity of agricultural commodities distributed under Title II for each of the fiscal years 1986 through 1989 shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; unless the President determines and reports to the Congress, together with his reasons, that such quantity cannot be used effectively to carry out the purposes of this title.

The *House* amendment contains no comparable provision.

The *Conference* substitute provides that the minimum quantity of commodities distributed under Title II for each of the fiscal years 1987 through 1990 shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons shall be for nonemergency programs distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program.

(2) Public Law 480 Title II—fortified or processed foods and nonprofit agency proposals

(a) The *House* bill requires that no less than 75 percent of the agricultural commodities made available for distribution for nonemergency programs shall be fortified or processed food. (Sec. 1102.)

The *Senate* amendment requires the President to ensure that at least 75 percent of the quantity of such commodities for such programs be in the form of processed or fortified products or bagged commodities. (Sec. 123.)

The *Conference* substitute adopts the *Senate* amendment.

(b) The *House* bill authorizes the President to waive the requirement under paragraph (a) or make available a smaller percentage of fortified or processed food than required under paragraph (a) during any fiscal year in which the President determines that the requirements of such programs will not be best served by the distribution of fortified or processed food in the amounts required. (Sec. 1102.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill provides that, in making agricultural commodities available for distribution, the President shall consider the nutritional assistance to the recipients and benefits to the United States that would result from distributing such commodities in the form of processed milk and plant protein products, as well as fruit, nut, and vegetable products. (Sec. 1102.)

The *Senate* amendment provides that, in distributing agricultural commodities under this title, the President shall consider (A) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable

products; (B) the nutritional needs of the proposed recipients; and (C) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs. (Sec. 123.)

The *Conference* substitute adopts the *Senate* amendment.

(d) The *House* bill requires that any request by a nonprofit or voluntary agency for agricultural commodities for a nonemergency food program under title II shall include—(1) a statement of the intended use of any foreign currency proceeds generated by such agency through the use of commodities made available for such program; and (2) a statement of any possible detrimental disruption of traditional cultural food consumption habits that might arise from the distribution of commodities under such program. (Sec. 1102.)

The *Senate* amendment requires a nonprofit voluntary agency requesting a nonemergency food assistance agreement to include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement. This provision will apply with respect to assistance agreements entered into after December 31, 1985. (Sec. 124.)

The *Conference* substitute adopts the *Senate* amendment.

(e) The *Senate* amendment amends title II by adding certain new provisions regarding food assistance programs carried out by voluntary agencies:

(1) Such agreements must provide, in the aggregate for each fiscal year, for the use of foreign currencies in an amount not less than 5 percent of the aggregate value of the commodities distributed under the title II nonemergency programs for that fiscal year.

(4) The above provisions apply with respect to assistance agreements entered into after December 31, 1985. (Sec. 124.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with regard to issue (1) and deletes the *Senate* amendment with regard to (2) and (3). With respect to issue (4) of the *Senate* amendment, the *Conference* substitute changes the effective date to December 31, 1985.

(f) The *Senate* amendment states that it is the sense of Congress that the President is encouraged to invite representatives of nonprofit voluntary agencies that participate in the programs carried out under title II of P.L. 480 and others to participate in a task force to study the means of providing food assistance under the Act to people with the greatest nutritional need in the recipient countries. If established the task force should report to Congress by February 15, 1986 on steps that could be taken to provide food to such people. (Sec. 124.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(3) P.L. 480 extension

The *House* bill extends the P.L. 480 sales and assistance authorities from December 31, 1985, to December 31, 1990. (Sec. 1103.)

The *Senate* amendment extends these authorities to December 31, 1989. (Sec. 126.)

The *Conference* substitute adopts the *House* provision.

(4) Facilitation of exports

The *House* bill expresses the Sense of Congress that the President should work with the People's Republic of China to facilitate exports to China under P.L. 480 and Section 416 of the Agricultural Act of 1949, including dairy products and white wheat, with a view to increasing markets in China for those commodities; and that the President to the extent practicable should respond favorably to any request of the People's Republic of China for such commodities. (Sec. 1104.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute expresses the Sense of Congress that the President should work with the People's Republic of China to facilitate agricultural exports to the People's Republic of China.

It is the intent of the conferees that the exports include dairy products and white wheat.

(5) P.L. 480 farmer-to-farmer program

The *House* bill provides that notwithstanding any other provision of law, not less than one-tenth of 1 percent of P.L. 480 funds for fiscal years 1986 and 1987 must be used for the farmer-to-farmer technical assistance program authorized under Section 406 of P.L. 480. Not more than one-fourth of these funds can be used for activities through universities for recruitment and training, and these activities must be in direct support of the farmer-to-farmer program. Such funds shall be administered whenever possible in conjunction with programs of foreign agricultural assistance carried out under sections 296 through 300 of the Foreign Assistance Act of 1985.

The *House* bill also requires a report by the AID Administrator in conjunction with the Secretary of Agriculture, within 120 days after the date of enactment indicating the manner in which the Agency intends to implement the farmer-to-farmer program. (Sec. 1105.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provisions.

(6) Food for development program

The *Senate* amendment amends section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 to set the aggregate value of Food for Development agreements made in any fiscal year at 10 percent of the aggregate value of all title I agreements for that fiscal year. (Sec. 125.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(7) Use of surplus commodities in international programs (Section 416)

(a) The *House* bill applies the existing section 416 requirement for coordination of donations abroad through the mechanism estab-

lished by the President under P.L. 480 to donations under the revised program. (Sec. 1106.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill specifies the commodities eligible for distribution under the section 416 program as follows—

(A) dairy products, grains and oilseeds acquired by the Commodity Credit Corporation through price support operations; and

(B) such other edible agricultural commodities as the Secretary of Agriculture or the CCC may acquire in the normal course of operations and are available for disposition under the program. (Sec. 1106.)

The *Senate* amendment specifies the commodities eligible for the section 416 program to include all agricultural commodities and products acquired by the CCC through price support operations that meet the criteria specified in subsection (a) section 416 (distribution to prevent waste). (Sec. 127.)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill prohibits the acquisition of commodities by the Secretary or the CCC for the purpose of using them under the section 416 program. (Sec. 1106.)

The *Senate* amendment contains no authority to purchase commodities under section 416(b) and specifies that if the quantity of eligible commodities available for distribution for a fiscal year is less than 400,000 metric tons, other provisions of the section do not require the Secretary to purchase additional commodities. (Sec. 127.)

The *Conference* substitute adopts the *House* provision.

(d) the *House* bill states that commodities may not be furnished for disposition to any country except on determinations by the Secretary that (1) the receiving country has the absorptive capacity to use the commodities efficiently and effectively; and (2) such disposition of the commodities will not interfere with usual marketings of the United States, nor disrupt world prices of agricultural commodities and normal patterns of commercial trade with developing countries.

The *House* bill also requires the Secretary to take reasonable precautions to ensure that—

(1) commodities furnished under this subsection will not displace or interfere with sales that otherwise might be made; and

(2) sales or barter will not unduly disrupt world prices of agricultural commodities nor normal patterns of commercial trade with friendly countries.

The *House* bill prohibits commodities from being made available that will prevent the Secretary from fulfilling any agreement entered into by the Secretary under a payment-in-kind program. (Sec. 1106.)

The *Senate* amendment provides that in furnishing commodities under section 416, the Secretary must take reasonable precautions to (1) safeguard usual marketings of the United States and (2) assure that donations under this section will not unduly disrupt

world prices of agricultural commodities or normal patterns of commercial trade with friendly countries.

The *Senate* amendment limits the requirement for the safe guarding of usual marketings by specifying that this requirement may not be used to prevent the furnishing of an eligible commodity under section 416(b) for use in countries that—

(1) have not traditionally purchased the commodity from the United States; or

(2) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

The *Senate* amendment allows the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development to waive, with respect to sales to generate foreign currencies (monetization), application of the requirement of section 103 that the President take reasonable precautions to safeguard usual marketings of the United States and to assure that such sales will not unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries. (Sec. 127.)

The *Conference* substitute adopts the *House* provisions with an amendment limiting the requirement for the safeguarding of usual marketings by specifying that this requirement may not be used to prevent the furnishing of an eligible commodity under section 416(b) for use in countries that—

(1) have not traditionally purchased the commodity from the United States; or

(2) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

(e) The *House* bill authorizes the Commodity Credit Corporation to pay in cash (under the provisions of section 203 of Public Law 480) or in the form of eligible commodities for the processing and domestic handling costs of donated commodities if the Secretary determines that such in-kind payments will not disrupt domestic markets. (Sec. 1106.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(f) The *House* bill provides that eligible commodities may be sold or bartered to finance the distribution, handling, and processing costs in a country through which such commodities or products must be transshipped. (Sec. 1106.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(g) The *House* bill authorizes the sale and barter of commodities furnished to nonprofit and voluntary agencies or cooperatives under agreements in which the foreign currency proceeds are used for activities that will directly supplement the transportation, distribution and use of the commodities and products donated. (Sec. 1106.)

The *Senate* amendment provides that if requested by a nonprofit voluntary agency or cooperative, an agreement for eligible commodities made available for use by the nonprofit voluntary agency or cooperative may provide for the use of foreign currency proceeds

for activities that will enhance the effectiveness of the food assistance program being carried out pursuant to the commodity agreement. Under the *Senate* amendment, such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects designed to provide food to people with the greatest nutritional need, if such activities are directly related to the nonprofit voluntary agency's or cooperative's food assistance program. (Sec. 127.)

The *Conference* substitute adopts the *House* provision with an amendent deleting "directly supplement the transportation, distribution, and use of commodities and products donated under this subsection." and inserting in lieu thereof: "enhance the effectiveness of transportation, distribution, and use of commodities and products donated under this subsection, including food for work programs, and cooperative and agricultural projects."

(h) The *House* bill requires expenditure of such currencies within one year of the acquisition of the currencies, such expenditure to be within the country of origin, except as needed to expedite the transportation of commodities and directly supplement the transportation, distribution and use of commodities furnished in connection with such foreign sale agreements. (Sec. 1106.)

The *Senate* amendment requires that all foreign currencies generated pursuant to an agreement with a nonprofit voluntary agency or cooperative be expended within one year after the period of the agreement. (Sec. 127.)

The *Conference* substitute adopts the *House* provision.

(i) The *House* bill requires that 5 percent of the commodities provided under section 416 be provided for subsequent sale, except that such minimum does not apply to the extent there are insufficient requests for use of the local currency sales, or with respect to commodities made available in the new Food for Progress Program (item 8) below.

The *Senate* amendment requires, that to the extent practicable, that 5 percent of the aggregate value of commodities provided under section 416, be provided for subsequent sale. (Sec. 127.)

The *Conference* substitute adopts the *House* provision with an amendment to make the 5% applicable to the aggregate value of commodities

(j) The *House* bill contains a prohibition against the use of proceeds from the sale or barter of section 416 commodities and products for operating and overhead expenses. (Sec. 1106.)

The *Senate* amendment prohibits the use of such proceeds (1) for personnel or administrative costs incurred by a U.S. or recipient agency, other than a local cooperative; (2) for costs of construction or maintenance of a church-owned or operated edifice; or (3) to replace of resources otherwise available to a nonprofit voluntary agency or cooperative. (Sec. 127.)

The *Conference* substitute adopts the *House* provision with an amendment allowing proceeds to be used for personnel or administrative costs of a local cooperative.

(k) The *House* bill requires the Secretary to issue regulations governing sale and barter and the use of foreign currency proceeds under the donation program that will provide reasonable safeguards to prevent abuses. The Secretary is required to report by

April 1, 1987, and annually thereafter, on sales and barters and use of foreign currency proceeds. The report must contain information on the quantity of sales, the amount of funds generated, the use of the funds, and an appraisal of the effectiveness of the program. (Sec. 1106.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment changing the reporting date to February 15 and requiring that the Secretary of Agriculture be responsible for regulations governing sale and barter and the use of foreign currency sales. The amendment further provides that recipients of this donation program report to the Secretary of Agriculture on December 31, 1986, and at least annually thereafter on the quantity of commodities received, the amount of funds (including dollar equivalents for foreign currencies) and value of services generated from such sales and barters, how such funds and services were used, and the amount of foreign currency proceeds that were used in the program.

(1) The *House* bill requires the Secretary to make available an annual minimum tonnage under section 416 (but not for the food for progress program) as follows: The minimum tonnage will be—

(i) 1.0 million tons in fiscal 1986 and 600,000 tons in fiscal 1987 of grains and oilseeds, or 10 percent of CCC uncommitted year-end stocks, whichever is less; and

(ii) at least 150 thousand tons of dairy products or 10 percent of CCC's uncommitted year-end stocks. (Sec. 1106.)

The *House* bill requires a detailed, written explanation by the Secretary for any year in which the above minimum levels are not made available and any requests for commodity use under this program are rejected. (Sec. 1106.)

The *Senate* amendment requires a minimum of 650,000 tons of annual disposals of commodities to private voluntary agencies and cooperatives under section 416(b), of which one half must be grains and cereals and of which not less than 150,000 tons must be distributed under the Food for Progress Program. (Sec. 127.)

The *Conference* substitute adopts the *House* provision with an amendment providing for 500,000 metric tons of grains and oilseeds or 10 percent of CCC uncommitted year-end stocks, whichever is less, and 10 percent of CCC uncommitted year-end daily stocks, but not less than 150,000 tons for fiscal years 1986 through 1990 for agreements with private voluntary organizations and cooperatives and in government-to-government programs and the World Food Program. The conferees encourage the Secretary to give priority to private voluntary organizations and cooperatives in entering into agreements for such commodities under this program. Of this amount, 75,000 metric tons shall be distributed under the Food for Progress Program.

(8) Food for progress program

(a) The *House* bill amends title III of the Agricultural Trade Development Assistance Act of 1954 by adding a new section 311 to authorize the President to negotiate and carry out multiyear agreements with developing countries, that have made commitments to agricultural policy reforms, providing for the furnishing of agricul-

tural commodities to such countries, on a credit or grant basis, to support reform and implementation of agricultural policy decisions based on free market principles. (Sec. 1107.)

The *Senate* amendment amends section 416 of the Agricultural Act of 1949 by adding a new subsection that provides, notwithstanding any other provision of law, in order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, commodities and the products thereof acquired by the Commodity Credit Corporation that the Secretary determines meet the specified in section 416(a) (prevention of waste), may be furnished by the Secretary to carry out certain agreements entered into by the President. The President may enter into agreements with developing countries to furnish commodities and the products thereof made available under the program to such countries to promote the implementation of private, free enterprise agricultural policies for long-term agricultural development. Such commodities shall be furnished on such terms and conditions as the President considers are in the public interest and will promote the objectives of the program. (Sec. 128.)

(b) The *House* bill requires that before entering into such agreements the President shall be satisfied that such country is committed to certain specified policies. (Sec. 1107.)

The *Senate* amendment requires the President to consider—(1) whether a potential recipient country is committed to the same policies listed in the *House* bill, with the additional policies that may provide for construction of facilities and distribution systems necessary to handle perishable products; and (2) the ability to use the quantity of commodities being considered for donation without disruption of the internal market of the country for domestically produced agricultural commodities and the products thereof. (Sec. 128.)

(c) The *House* bill provides that notwithstanding any other provision of law, the Commodity Credit Corporation may use funds to carry out this program that have been appropriated to carry out title I of P.L. 480. The Commodity Credit Corportion may finance the sale and exportation of commodities furnished to a developing country under this section. The Commodity Credit Corportion shall make available to the President such agricultural commodities determined to be available under section 401 as the President may request for purposes of furnishing commodities on a grant basis under this section.

The *House* bill provides that any new spending authority provided shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts. (Sec. 1107.)

The *Senate* amendment provides that no funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) any be used to carry out this subsection unless authorized in advance in appropriation Acts. (Sec. 128).

The *Senate* amendment authorizes the Commodity Credit Corporation to purchase agricultural commodities and the products

thereof if (1) the Commodity Credit Corporation does not hold stocks of such commodities and the products thereof; or (2) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this subsection and such commodities and the products thereof are needed to fulfill such commitments.

(d) The *Senate* amendment provides that—

(1) An agreement entered into under this program shall prohibit the resale or transshipment of the donated agricultural commodities to other countries.

(2) In entering into agreements with countries for the donation of agricultural commodities and the products thereof under this subsection, the President shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities and the products thereof that would otherwise be made to such countries.

(3) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to agricultural commodities furnished under this subsection.

(4) The cost of the commodites furnished under this subsection, and the expenses incurred in connection with furnishing such commodites, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 and may not be considered expenditures for international affairs and finance.

(5) The President must carry out the duties imposed under this program through the National Security Advisor in the Executive Office of the President. The National Security Advisor, with the approval of the Secretary, may use personnel of the Department of Agriculture in carrying out this subsection.

(6) Within 120 days after the close of each fiscal year in which an agreement entered into with a country under this subsection is in effect, the President shall report to the *House* and *Senate* Agriculture Committees on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development.

(7) The program shall be effective during the period beginning October 1, 1985, and ending September 30, 1989. (Sec. 128.)

The *House* bill specifies that section 203 of the Act applies to commodities furnished on a grant basis to a developing country under this program. (Sec. 1107.)

(e) The *Senate* amendment specifies that a minimum of 150,000 tons and not more than 500,000 metrics tons of commodities may be furnished in each of the fiscal year ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989. (Sec. 127, 128.)

The *House* bill contains no comparable provision.

(f) The *House* bill provides that payment by a developing country for commodities purchased on credit terms shall be on the same basis as the terms provided in section 106 of P.L. 480. (Sec. 1107.)

The *Senate* amendment gives the President discretion to set the terms and conditions under which the commodities will be furnished. (Sec. 128.)

(g) The *Senate* amendment requires that the President report to the oversight committees on the status of the program within 120 days after the close of each fiscal year. (Sec. 128.)

The *House* bill contains no comparable provision.

The *Conference* substitute combines the House and Senate provisions in a new, freestanding "Food for Progress Act of 1985".

The new act authorizes the President to enter into agreements to provide food to countries to promote the implementation of private, free enterprise agricultural policies for agricultural development. Commodities provided under this Act would be bonuses above and beyond any assistance a country normally receives from the United States, and may be provided through authorities under Title I of Public Law 480 or Section 416 of the Agriculture Act of 1949.

The President is authorized to enter into multi-year commitments. In determining whether to enter into a Food for Progress agreement, the President shall consider whether the recipient country is carrying out or is committed to carry out policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities; and whether the country is able to use the commodities without disruption of the internal market of the country for domestically produced agricultural commodities.

The substitute provides that not less than 75,000 tons be provided annually through Section 416 authorities for use under this act, provided there are a sufficient number of qualified participants to utilize this quantity. No more than 500,000 tons of commodities could be provided under this program in any year. However, the President is encouraged to utilize the entire 500,000 tons, provided that there are a sufficient number of qualified participants.

In entering into Food for Progress agreements, the President would be required to take reasonable precautions to avoid displacement of any sales of U.S. agricultural commodities that would otherwise be made to such countries, and any agreement entered into would have to prohibit the resale or transhipment to other countries, of commodities furnished under this Act.

(9) Sales for foreign currencies and private enterprise promotion

(a) The *House* bill amends section 106(b) of the Agricultural Trade Development Assistance Act to provide for agreements for the sale of agricultural commodities for dollars on credit terms that may provide that proceeds from the sales of the commodities in the recipient country shall be used for such private sector development activities as are mutually agreed upon by the United States and the recipient government. Proceeds used for private sector development activities shall be loaned by the recipient government to one or more financial intermediaries operating within the country for use by those financial intermediaries for loans to private individuals, private and voluntary organizations, corporations, cooperatives, and other entities within such country. As used, the term "private sector development activities" means activities

which foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of goods and services within a recipient country; and the term "financial intermediaries" includes banks, cooperatives, private and voluntary organizations, and other financial institutions capable of making and servicing loans. (Sec. 1107.)

The *Senate* amendment amends section 101 of the Agricultural Trade Development and Assistance Act of 1954 by authorizing the President to enter into agreements with friendly countries for the sale of agricultural commodities to such countries for foreign currencies for use in the programs established by the Senate amendment as a new section 108 of the Act.

Sales for foreign currencies for fiscal year 1986, and each fiscal year thereafter, must be made at an annual level of not less than the higher of:

(1) 25 percent of the aggregate value of all sales made under title I of the Act; or

(2) 500,000 metric tons.

In no event, however, can such sales exceed 50 percent of the aggregate value of all sales made under title I of the Act during a fiscal year.

The minimum annual level of sales for foreign currencies may be reduced for fiscal years 1986, 1987, and 1988 if—

(A) there is an insufficient number of approved financial intermediaries that have entered into agreements with the Secretary of Agriculture to carry out the program;

(B) there are insufficient requests for loan funds by financial intermediaries to utilize the foreign currencies generated by such sales; or

(C) the President requires additional time to implement the program, except that, the minimum annual level of such sales for foreign currencies for fiscal year 1986 may not be reduced below 5 percent of all title I sales made during that fiscal year. The floor under the minimum sales for foreign currencies increases to 10 percent for fiscal year 1987 and 15 percent for fiscal year 1988.

Agreements for sales for foreign currency may not be entered into the extent that such agreements would generate currency that could not be productively used and absorbed in the private sector of the purchasing country. Agreements for sales of agricultural commodities for foreign currencies will be made on such terms and conditions as are specified in the sales agreements. (Sec. 128.)

(b) The *Senate* amendment amends section 103 of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) to make conforming amendments. Specifically, section 103(b) is amended to permit any credit sale entered into under title I to include provision for payment in foreign currency for use in the program to be authorized as section 108. Sections 103(d) and 103(n) of P.L. 480 are also amended to delete specific references to sales agreements for dollars on credit terms, so that these sections will apply to all types of sales now authorized under title I. (Sec. 128.)

Sections 103(m), 103(p), and 103(q) of P.L. 480 are amended to clarify that the requirements in those sections pertaining to the

convertibility of foreign currencies are not applicable to foreign currencies received for use in the new lending program.

Section 103(m) of P.L. 480 is also amended to require that foreign currency acquired for use under section 108 of the Act will be converted to dollars pursuant to a schedule for conversion established in the commodity sales agreement. The schedule must provide for conversion to dollars beginning no later than 10 years after the date of the last delivery of commodities under the sales agreement, and be completed no later than 30 years after the date of the last delivery.

Foreign currencies generated under these provisions can be used in the program authorized in section 108. The payment terms sales for foreign currencies may be on such terms as are agreed upon in the agreement.

The *House* bill contains no comparable provision.

(c) The new section 108, as proposed in the *Senate* amendment

(1) Gives authority to the President to enter into agreements with financial intermediaries, under which the President would lend to the financial intermediary located or operating in a developing country foreign currency earned from commodity sales to that country. The foreign currency available for lending is limited to currencies generated from sales agreements entered into after the date of enactment of the Agriculture, Food, Trade and Conservation Act of 1985. The purpose of such lending is to foster and encourage the development of private enterprise institutions and infrastructure as the base for increasing the production of food and related goods and services within the developing country.

(2) In order to obtain a foreign currency loan from the President, a financial intermediary must enter into an agreement in which it agrees to make loans to private individuals, cooperatives, corporations or other entities at reasonable rates of interest for the purpose of financing—

(A) Productive private enterprise investment within the country;

(B) Private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and products; or

(C) Private enterprise support of self-help measures and projects.

(3) An agreement between the President and a financial intermediary must specify the terms and conditions under which the foreign currency must be used and subsequently repaid, including the following:

(A) The financial intermediary must, to the maximum extent feasible, give preference to financing agriculturally related private enterprise;

(B) The financial intermediary must repay loans made, plus accrued interest, at such times as will permit conversion of the foreign currency in accordance with the conversion schedule agreed upon, but in no event later than the date specified in section 103(m) of the Act; and

(C) The financial intermediary may repay a loan prior to the repayment date specified in the loan agreement.

(D) An entity or venture receiving funds from a financial intermediary must—

(i) be owned, directly or indirectly, by citizens of the developing country, except that not more than 25 percent of such ownership may be held by citizens of the United States; and

(ii) may not be owned or controlled, in whole or in part, by the Government of the developing country or any governmental subdivision thereof.

(E) the rate of interest charged on loans made to financial intermediaries will be negotiated between the President and the intermediary. A cooperative or nonprofit voluntary agency acting as a financial intermediary may be charged a lower rate of interest than would otherwise be charged in order to defray the start-up costs of becoming a financial intermediary or a foreign currency grant could be made to defray the start-up costs of becoming a financial intermediary.

(F) no foreign currency may be made available to promote the production of agricultural commodities, that as determined by the President would compete in world markets with United States commodities or products.

(G) the President may not condition loan eligibility on a guarantee of repayment made by the developing country in which the borrowing intermediary is located or is operating.

(4) All currencies repaid by financial intermediaries will be deposited and accounted for under the provisions of section 105 of P.L. 480 and, when repaid, may be used to fund additional loans to financial intermediaries; agricultural market development activities; payment of United States obligations; or be converted to dollars.

(5) The loan agreements between the President and the financial intermediaries will be subject to periodic audit. Not later than 180 days after the close of each fiscal year, the President must report to the House and Senate Agriculture Committees on the activities carried out under section 108, including an evaluation of the impact of the lending activities carried out during the preceding year.

(6) The President may provide agricultural technical assistance to further the purposes of the program. The Secretary must, to the maximum extent practicable, use at lease 5 percent of the foreign currencies initially obtained for use under section 108 to pay for this assistance. (Sec. 121.)

The *House* bill contains no comparable provisions.

(b) The Senate amendment amends section 2 of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) by adding to the existing statement of policy the policies of using foreign currencies accruing under the Act to foster and encourage the development of private enterprise in developing countries, and the enhancing of food security in developing countries through local food production.

The *Senate* amendment also includes the Congressional finding that additional steps should be taken to use the agricultural abundance produced by American farmers to relieve hunger and promote long-term food security and economic development in developing countries, in accordance with development assistance policy established under section 102 of the Foreign Assistance Act of 1961, and to promote United States agricultural trade interests. (Sec. 120.)

The *House* bill contains no comparable provisions.

The *Conference* Substitute combines the House and Senate provisions. It amends Title I of Public Law 480 to authorize the use of foreign currencies accruing from Title I concessional loans for promoting private enterprise in developing countries.

Under these authorities, foreign currencies would be loaned to financial intermediaries in countries purchasing Title I commodities for use in providing loans for private enterprise investment. Financial intermediaries may include banks, financial institutions, cooperatives, nonprofit voluntary agencies, or other organizations or entities, as determined by the President, that have the capability of making and servicing a loan in accordance with this section.

The loans would go to private individuals, cooperatives, corporations, or other nongovernmental entities for productive private enterprise projects.

Funds loaned by financial intermediaries could not be used to finance state-owned entities or ventures, or to produce commodities or products that would compete with U.S. commodities or products. In addition, upon signing Title I agreements making local currencies available for private investment, the President would be required to ensure that notice is placed in publications to make local private enterprise and financial intermediaries aware of the availability of these currencies.

Under authorities provided for in the House provision, the foreign currencies for this private enterprise promotion program would be provided by the host government in an amount equal to the value of the commodities received through Title I sales for dollars on credit terms. The host government-owned currencies would be applied from a jointly programmed account. The host government would continue to pay its PL 480 Title I dollar debt to the United States as under current law.

Under authorities provided for from the Senate provision, the President could enter into agreements with friendly countries for the sale of commodities for foreign currencies convertible to dollars for use in private enterprise development.

Included in the agreements would be a schedule permitting the conversion of these currencies to dollars 10 to 30 years following delivery of the commodities. Prior to conversion of these currencies, the President is authorized to loan the currencies to financial intermediaries in purchasing countries for use in private enterprise investment. These loans are to be made at reasonable interest rates consistent with business practices. However, preferential rates of interest or local currency grants may be provided to cooperatives and private voluntary organizations to help defray startup costs of becoming a financial intermediary.

Once the financial intermediaries begin to make repayments of their loans to the President, he may convert such currencies into dollars in accordance with the conversion schedule included in the original sales agreement, reloan the currencies to financial intermediaries to finance additional private investment, use the currencies for agricultural market development, or use the currencies to pay U.S. obligations within the recipient country.

For fiscal years 1986 through 1990, no less than 10 percent of the aggregate value of P.L. 480 Title I agreements are to be made for local currencies for use in this program, provided that this requirement may be waived in any year in which meeting the minimum would result in a significant reduction in the volume of commodities furnished under Title I.

To the maximum extent practicable, at least 5 percent of the foreign currencies generated under these sales agreements may be used to provide agricultural technical assistance, including the funding of market development activities.

In providing for this program utilizing U.S. owned foreign currencies, the managers recognize that some exchange rate risks are entailed in the program. In addition, auditing of this program may be done through certification procedures, distribution of these currencies does not entail restrictions placed on domestic distribution of Federal funds, and the program is not intended to affect currency use payments.

The authorities in the House provision provide for private enterprise promotion activities to be operated in conjunction with sales of agricultural commodities for dollars on credit terms. Proceeds from the sales of these commodities in the recipient countries—equal to the value of the commodities provided—shall be placed in jointly programmed, special accounts for use for private sector development activities as are mutually agreed upon by the United States and the recipient countries. These activities would require the loaning of the proceeds to financial intermediaries within the country for the purpose of providing loans to private entities.

For each of the years of the bill, the President is encouraged to channel foreign currencies, in an amount equivalent to 25 percent of the value of Title I sales agreements, for use in loans provided for under the authorities in the Conference substitute, to the extent that there are appropriate proposals for such use.

In providing for these new authorities, the Conferees recognize their consistency with the will of Congress to direct foreign assistance more toward the private sector. Furthermore, the managers intend to judge the performance of the administration of these authorities on the quality of investments made under the program, and not upon the volume of funds directed into financial intermediaries in any recipient country.

The Conferees further intend that the performance of these, and other programs with mandatory minimums or targets be examined thoroughly during the next reauthorization of P.L. 480.

(10) Child immunization programs

The *House* bill amends the Agricultural Trade Development Act of 1954 (P.L. 480) to include the immunization of children as one of the self-help measures that the President must consider before

making an agreement for the sale of commodities to that country. The *House* bill also authorizes the use of funds made available under title II for the immunization of children. The bill sets a target for the immunization, by fiscal year 1987, of at least three million more children annually than received immunizations under such programs in fiscal year 1985. The increased immunization activity should be undertaken in coordination with similar efforts of other organizations and in keeping with any national plans for expanded programs of immunization. The President must include information concerning such immunization activities in the annual reports required by section 634 of the Foreign Assistance Act of 1961, including a report on the estimated number of immunizations provided each year pursuant to this subsection. (Sec. 1108.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment that deletes the numerical immunization target and substitutes a directive that those organizations and agencies implementing health programs increase the level of immunizations.

(11) Special Assistant for Agricultural Trade and Food Aid

The *Senate* amendment provides that the President must appoint, with the advise and consent of the Senate, a Special Assistant to the President for Agricultural Trade and Food Aid to serve in the Executive Office of the President.

The Special Assistant would be required to—

(1) assist the President to improve U.S. food assistance programs carried out in foreign countries,

(2) coordinate food assistance programs carried out by the Department of Agriculture and AID,

(3) make recommendations on ways to increase the use of U.S. agricultural commodities through food assistance programs,

(4) advise the President on agricultural trade,

(5) serve as a member of the Development Coordination Committee and as Chairman of the Food Aid Subcommittee, and

(6) issue policy guidelines on food assistance policy.

The Special Assistant would be *authorized* to—

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that could be taken—

(A) to promote the export of United States agricultural commodities and products; and

(2) develop and recommend to the President national agricultural policies to foster and promote the United States agricultural industry and to maintain and increase the strength of this sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States agricultural industry, for purposes of determining the extent to which these programs and activities are contributing or not contributing to that industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of these programs and activi-

ties in contributing to the United States agricultural industry. (Sec. 129.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment providing for a Special Assistant to the President for Agricultural Trade and Food Aid who shall advise, assist, and make recommendations over the broad range of United States agricultural export and food aid matters, and expedite program implementation in any instances in which there is unreasonable delay. He shall serve in the Executive Office of the President, but not be in the lines of authority which exist in the Federal Government for the Secretary of Agriculture, the Administrator of the Agency for International Development, and other departmental and agency heads. The duties of the Special Assistant shall include:

Assisting and advising the President in order to improve United States food assistance abroad; receiving suggestions and complaints about the implementation of United States food aid and agricultural export programs of any Federal agency and providing prompt responses thereto, including expediting the implementation in any cases in which there is unreasonable delay;

Making recommendations to the President on means to coordinate the manner in which Federal food aid programs are carried out in order to improve their effectiveness; and making recommendations to the President on measures to be taken to increase use of United States agricultural commodities abroad through foreign food assistance programs;

Advising the President on agricultural trade;

Advising the President on the Food for Progress program and expediting its implementation;

Serving as a member of the Development Coordination Committee and its Food Aid Subcommittee, and advising Federal departments and agencies on their guidelines on food aid policy to the extent necessary to assure the coordination of food aid programs, consistent with law and the Subcommittee's advice;

Submitting an annual report to the President and Congress within one year after the enactment of this Act and annually thereafter through fiscal year 1990, containing a global analysis of world food needs and protection, identifying at least 15 countries which are most likely to emerge as growth markets for agricultural commodities over the next 5–10 years, and a detailed plan for using available export and food aid authorities to increase United States agricultural exports to these target countries.

The duties of the Special Assistant shall also include:

Soliciting information and advice from private as well as governmental sources and recommending to the President and Congress measures that should be taken to promote United States agricultural exports and expand United States agricultural markets abroad;

Recommending to the President national agricultural policies to promote the United States agricultural industry;

Appraising various Federal programs and activities affecting the United States agricultural industry to determine the extent to which they are contributing to the United States agricultural industry and making recommendations to the President and Congress on the effectiveness of such programs and activities.

(12) Trade Policy Declaration

The *House* bill includes Congressional findings regarding the significant decline in the volume and value of U.S. agricultural exports as a result of unfair foreign competition and the high value of the dollar. It further states that U.S. agricultural trade policy should be:

(1) To provide by all means possible for export of agricultural commodities and their products at competitive prices;

(2) To support the principle of free trade and the promotion of fairer trade;

(3) To cooperate in all efforts to negotiate reductions in barriers to fair trade;

(4) To counter aggressive unfair trade practices by all available means;

(5) To remove foreign policy constraints in order to maximize agricultural trade;

(6) To provide for consideration of U.S. agricultural trade interests in the design of national fiscal and monetary policy.

The *House* bill also declares Congressional findings to the effect that the present high level of agricultural protectionism contrasts with the general trade liberalization achieved under the General Agreement on Tariffs and Trade; the protective effect of domestic subsidies alters trade indirectly by reducing demand for imports and increasing the supply of exports; current GATT rules distinguish between primary and manufactured products; the rule permitting export subsidies on primary products has proven unworkable; and a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations. (Secs. 1121, 1133.)

The *Senate* amendment provides findings regarding the need for open and fair trade, the adverse effects of unfair trade practices of many countries on exports of U.S. agricultural commodities, and the need for more effective rules governing international agricultural trade. It further states that it is the policy of the U.S. to (1) promote free and active world trade in agricultural goods through negotiations to reduce or eliminate restrictive trade practices, and (2) to reduce or eliminate U.S. restrictions on imports of agricultural goods as part of an international program of mutual opening of agricultural trade markets. (Sec. 107.)

The *Conference* substitute adopts the House provision with an amendment deleting Congressional findings regarding certain GATT rules.

(13) Agricultural trade consultation

(a) The *House* bill requires the Secretary of Agriculture, in coordination with the U.S. Trade Representative, to initiate and pursue multilateral agricultural trade consultations among major agricultural producing countries at the earliest possible date and to

report to the Congress annually, beginning July 1, 1986, on the progress of these efforts and on any agreements reached.

The *House* bill declares the sense of Congress to the effect that the objectives of such consultations should be to increase the exchange of information on world-wide agricultural production, demand, and commodity supply levels; determine a more equitable sharing of responsibility for maintaining agricultural commodity reserves and managing supplies of agricultural commodities; and attain increased cooperation in restraining export subsidy programs. (Sec. 1122.)

The *Senate* amendment declares it the sense of the Congress that the President should at the earliest practicable time after enactment of the bill convene an international conference of major agricultural nations to discuss trade and agricultural problems, and initiate a new round of multilateral trade negotiations with trading partners of the United States. (Sec. 107.)

The *Conference* substitute adopts the *House* provision but deletes the term "multilateral" and limits the annual reporting requirement through fical year 1990.

(b) The *House* bill expresses the sense of the Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products. (Sec. 1133.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment urging that the objectives of the GATT negotiations be to reduce agricultural export subsidies, tariffs, and non-tariff barriers to trade.

(14) Department of Agriculture export development programs

(a) The *House* bill authorizes the Secretary in fiscal year 1986 to use $325 million for direct export credit under the blended credit export sales program. (Sec. 1123.)

The *Senate* amendment requires the Secretary of Agriculture in each of fiscal years 1986 through 1988 to use not less than $325 million in Commodity Credit Corporation funds, or an equal value of commodities owned by the CCC, for export activities. For each of fiscal years 1989 through 1991, the Secretary is authorized to use for export activities such funds of the CCC as the Secretary deems necessary, or an equal value of CCC commodities. The Secretary is instructed to use the funds or commodities only to counter the subsidies, import quotas, or unfair trade practices of a foreign country.

As used in the above provision, the term subsidy includes an export subsidy, tax rebate on exports, financial assistance on preferential terms or for operating losses, assumption of production and distribution costs, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices. In addition, the Secretary is required to provide export assistance under this provision on a priority basis in the case of agricultural commodities that have been the subject of a favorable decision under section 301 of the Trade Act of 1974, or that have been ad-

versely affected by retaliatory actions related to a favorable decision under section 301 of the Trade Act. (Sec. 104.)

The *Conference* substitute adopts the *Senate* amendment with an amendment extending the annual minimum funding level of $325 million through fiscal year 1990.

(b) The *House* bill requires the Secretary in fiscal year 1986 to make available not less that $5 billion in short-term credit guarantees under the Export Credit Guarantee Program (GSM–102); and prohibits the Secretary from charging an origination fee with respect to any GSM–102 credit guarantee in excess of an amount equal to one-third of one percent of the credit extended. (Sec. 1123.)

The *Senate* amendment requires the Commodity Credit Corporation to make available for each of fiscal years 1986 through 1989 not less than $5 billion in short-term credit guarantees and requires CCC, before extending the credit, to consider the credit needs and credit-worthiness of recipient countries, and whether provision of the guarantees will improve the competitive position of United States agricultural exports. (Sec. 102.)

The *Conference* substitute adopts the *Senate* amendment with an amendment extending the $5 billion annual loan guarantee authorization level through fiscal year 1990 and limiting to 1 percent the amount of any loan guarantee origination fee.

(15) Cooperator Market Development Program

The *House* bill expresses the sense of the Congress that the cooperator market development program of the Foreign Agricultural Service should be continued to help develop new markets and expand and maintain existing markets for United States agricultural commodities, using nonprofit agricultural trade organizations to the maximum extent practicable. The program is exempted from the requirements of Circular A 110 issued by the Office of Management and Budget. (Sec. 1124.)

The *Senate* amendment states the Sense of the Congress that the market development activities of the Foreign Agricultural Service should be expanded with emphasis on funding an export market development program for value-added farm products and processed foods at a higher funding level than that provided during fiscal year 1985. (Sec. 107.)

The *Conference* substitute adopts both the *House* provision and the Senate amendment.

(16) Use of Commodity Credit Corporation commodities for export assistance

(a) The *House* bill requires the Secretary of Agriculture to implement during the marketing years 1985 through 1990 a program under which commodities acquired or purchased by the Commodity Credit Corporation would be provided at no cost or reduced cost to exporters, processors, or foreign purchasers to encourage the development and expansion of export markets for U.S. agricultural commodities. (Sec. 1125.)

The *Senate* amendment contains a similar provision but would authorize the program through September 30, 1989, and would use commodities and products acquired by the CCC. In addition, the *Senate* amendment would encourage the development, mainte-

nance, and expansion of export markets for value-added or high value agricultural products produced in the United States. (Sec. 106.)

The *Conference* substitute adopts the *Senate* amendment with an amendment to extend the program through September 30, 1990.

(b) The *House* bill would define the term "agricultural commodities to include wheat, feed grains, upland cotton, rice, soybeans, and dairy products produced in the United States; any other agricultural commodity determined by the Secretary to be in surplus supply and that can be purchased with section 32 funds; and products of the foregoing commodities that are processed in the United States. (Sec. 1125.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision with a conforming amendment to include "users" among those eligible to receive commodities.

(c) The *House* bill requires the Secretary to provide agricultural commodities, or cash, or both under the program to the extent necessary to counter or offset the adverse effect on U.S. exports of an agricultural commodity of subsidies or unfair trade practices of foreign countries and authorizes the Secretary to provide agricultural commodities under the program (A) to compensate for the high value of the U.S. dollar to increase the competitiveness of U.S. agricultural commodities in world markets; (B) to compensate overseas purchasers for any increases in the U.S. dollar while credit is outstanding; (C) to offset interest charges that accrue on credit purchases of U.S. agricultural commodities; (D) offset transportation charges in the export of U.S. agricultural commodities; (E) in barter or countertrade transactions; (F) for overseas sale to obtain foreign currencies to finance overseas trade offices; and (G) for any other comparable purpose to expand U.S. agricultural exports and ensure competitiveness for U.S. agricultural commodities. (Sec. 1125.)

The *Senate* amendment authorizes the Secretary to provide commodities and products to counter or offset (A) foreign subsidies or unfair trade practices that benefit foreign agricultural producers, processors or exporters; (B) adverse effects of U.S. agricultural price support levels that are temporarily above the export prices offered by overseas competitors; or (C) fluctuations in the exchange rate of the U.S. dollar. In addition, the *Senate* amendment would authorize the Secretary to provide commodities and products in conjunction with an intermediate export credit program for the export sale of breeding animals (including cattle, swine, sheep, and poultry) and the cost of freight from the United States to foreign countries; and for the establishment of facilities in the importing nation to improve handling, marketing, processing, storage, or distribution of imported agricultural commodities (through the use of local currency sales). (Sec. 106.)

The *Conference* substitute adopts the *Senate* amendment with an amendment (1) to require that the commodities and products shall be provided to the extent necessary for the program, and (2) that such commodities may provided for the additional purpose of making United States commodities more competitive.

(d) The *House* bill authorizes the Secretary in carrying out the program to provide different agricultural commodities than those involved in the transaction for which assistance under the program is being provided. (Sec. 1125.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to provide that any price restrictions that otherwise may be applicable to dispositions of CCC-owned agricultural commodities would not apply to agricultural commodities provided under this program.

(e) The *Senate* amendment authorizes the Secretary to provide agricultural commodities to countries that do not meet the financial qualifications for export credit or credit guarantees provided by the Commodity Credit Corporation to reduce the cost to the country of purchasing U.S. agricultural commodities and allow the country to meet the qualifications. The Secretary must review and adjust annually the quantity of commodities provided to the country in order to encourage the country to place greater reliance on increased use of commercial trade to meet the financial qualifications. (Sec. 106.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(f) The *Senate* amendment authorizes the Secretary to make available to commercial exporters, under terms established by the Secretary, transferable export certificates, known as "green dollar export certificates". These certificates could be redeemed by the exporters within 6 months of issuance for commodities owned by the CCC. (Sec. 106.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(g) The *Senate* amendment provides that if a foreign purchaser sells agricultural commodities received under authority of the program and uses the receipts for the construction or rehabilitation of facilities in the importing country to improve the handling, marketing, storage, or distribution of U.S. agricultural commodities, the purchaser would be eligible for distributions of supplemental commodities. (Sec. 106).

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(h) The *House* bill would require the Secretary to report to Congress, not later than March 1 of the second calendar year following enactment, on the operation of the program, including an analysis of the current level of agricultural exports to each country in comparison with the level of exports to that country during the period 1979 through 1982. (Sec. 1125.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

The *Senate* amendment requires the Secretary, during the period October 1, 1985 through September 30, 1988, to use not less than $2,000,000,000 of agricultural commodities and products to carry out the program. (Sec. 106.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with an amendment requiring that, to the maximum extent practicable,

commodities shall be used under the program in equal amounts throughout the three-year period fiscal years 1986 through 1988.

(j) The *Senate* amendment provides that in any program operated by the Secretary during the years 1986 through 1989, for the purpose of encouraging or enhancing commercial sales in foreign markets of agricultural products or commodities produced in the United States which include the payment of a bonus or incentive to the purchaser, the Secretary must expend annually at least 15 percent of the total funds available (or 15 percent of the value of any commodities used to encourage the sales) for program activities to encourage and enhance the export sales of poultry, beef or pork meat and meat products. (Sec. 1946.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment that the Secretary shall seek (rather than be required) to expend annually at least 15 percent of the funds or commodities to enhance the export sales of poultry, meat and meat products, through fiscal year 1990.

(17) Barter and Countertrade Transaction

The *House* bill authorizes the Secretary in carrying out barter and countertrade transactions, as authorized under the provisions of the bill, to acquire and hold strategic or other materials that the United States does not domestically produce in sufficient amounts and for which national stockpile or reserve goals established by law are unmet.

The *House* bill requires the Secretary to establish a pilot program to carry out, during fiscal year 1986, such barter and countertrade transactions. In establishing the pilot programs the Secretary would give priority to materials that entail less risk of loss through deterioration and have lower storage costs than the agricultural commodities they replace and to nations with food and currency reserve shortages. The Secretary must consider barter and countertrade opportunities with Zaire, Zimbabwe, Zambia, Malaysia, Brazil, and Nigeria for specified commodities. The Secretary must report to Congress not later than March 30, 1986, on progress in implementing the pilot programs.

The Secretary would also be authorized to store strategic materials acquired under barter or countertrade and to permit the use of such materials as collateral to secure loans to finance the export of U.S. agricultural commodities. (Sec. 1125.)

The *Senate* amendment provides for a similar pilot program using specified commodities under section 416 of the Agricultural Act of 1949. The pilot program would be carried out during fiscal years 1986 and 1987 through agreements with at least 2 countries. The Secretary must submit a report to Congress not later than 60 days after the end of each fiscal year concerning the operation of the program. (Sec. 1942.)

The *Conference* substitute adopts the *Senate* amendment.

(18) Export Advisory Council

The *House* bill establishes an Export Advisory Council to advise the Secretary of Agriculture and the United States Trade Representative on the operation of the export bonus program described

under item (15). The Council is to be comprised of 14 members, including the Secretary of Agriculture, the United States Trade Representative, and 3 members named by each of the following: the Chairman and ranking minority member of the Committee on Agriculture of the House of Representatives and the Chairman and ranking minority member of the Committee on Agriculture, Nutrition, and Forestry of the Senate. (Sec. 1126.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(19) Agricultural export credit revolving fund

The *House* bill reauthorizes the Agricultural Export Credit Revolving Fund through fiscal year 1990 and authorizes the Fund to extend credit on terms of up to ten years and to make loans to meet credit competition for export sales. The bill requires that all funds received by the Commodity Credit Corporation in repayment for direct export credit extended after September 30, 1985, be added to the fund, and deletes the requirement that new loans be made by the fund only to the extent provided in annual appropriations Acts. (Sec. 1127.)

The *Senate* amendment reauthorizes the fund through fiscal year 1989. (Sec. 103.)

The *Conference* substitute adopts the *Senate* amendment with an amendment authorizing the Fund through fiscal year 1990.

(20) Intermediate export credit

The *House* bill amends the Food for Peace Act of 1966 to clarify that intermediate export financing may be provided in the form of direct or guaranteed credit generally to promote United States agricultural exports. The bill authorizes up to 10 percent of direct credit repayments in the form of local currency which may be used to develop markets in a country in cooperation with the private sector. The Secretary is required to make available, through fiscal year 1990, not less than $500 million annually for intermediate export credit, of which not less than $150 million shall be for financing facilities to handle and distribute imported agricultural commodities, and not less than 25 percent shall be in the form of direct credit. (Sec. 1128.)

The *Senate* amendment similarly provides for direct and guaranteed intermediate export credit and deletes the current requirements that export sales agreements financed under the provision be subject to review by the National Council on International Monetary and Financial Policies and that sales agreements for the purpose of establishing reserve stocks not be made effective until the agreements have been transmitted to the *House* and *Senate* Agriculture Committees. The amendment encourages the Secretary to provide intermediate credit to purchasers from countries that were previous recipients of credit under title I of the Agricultural Trade Development and Assistance Act of 1954, are unable to utilize other short-term credit programs, and are friendly countries. The amendment also permits the intermediate export credit program to be used to finance the importation of agricultural commodities by developing nations for use in meeting their food and fiber needs. The amendment authorizes the Secretary to determine the rate of

interest on direct credit loans, and requires the Commodity Credit Corporation to make available not less than $500 million in intermediate export credit guarantees for each fiscal year 1986 through 1988, and not more than $1 billion in intermediate export credit guarantees in fiscal year 1989. The amendment includes sense of the *Senate* language that the intermediate export credit program should be expanded to include guarantees in order to provide more export marketing flexibility and to improve the capability of importing countries to purchase United States agricultural commodities. (Sec. 101, 1934.)

The *Conference* substitute adopts the *Senate* amendment with an amendment deleting the sense-of-the-*Senate* language.

(21) Export subsidy reports

The *House* bill contains Congressional findings concerning the impact of aggressive trading practices and export subsidies of foreign governments on the sale of U.S. agricultural commodities abroad. The Secretary of Agriculture is directed to require detailed information annually from USDA employees stationed abroad on the export subsidies provided by the foreign governments, and identify in those countries opportunities for U.S. agricultural exports. The Secretary shall compile the information annually and make it available to Congress and other interested parties.

The *House* bill also contains a statement of Congressional findings concerning U.S. agriculture exports and obstacles by foreign nations to agricultural commerce, and directs the Secretary of Agriculture to submit an annual report to Congress and the President detailing foreign tariffs, subsidies, and other practices disadvantaging U.S. farm exports. (Secs. 1130, 1161, 1162.)

The *Senate* amendment directs the Secretary to require detailed reports from USDA employees stationed abroad on the agricultural export subsidies and other trade practices impeding U.S. agricultural exports where they are stationed, and identify opportunities for U.S. agricultural exports, with the Secretary to compile the information and make it available to Congress and interested parties including the Agricultural Policy Advisory Committee and the agricultural technical advisory committees established under section 135 of the Trade Act of 1974.

The *Senate* amendment (1) directs the U.S. Trade Representative to review the above reports, identify markets (in order of priority) in which offsetting U.S. export subsidies can be used most efficiently, and submit to Congress and the Secretary an annual report on the foreign subsidy situation and identification potential of U.S. markets for offsetting subsidies; and (2) requires an annual meeting of the Agricultural Policy Advisory Committee and the technical committees to develop recommendations for U.S. actions to reduce the trade distortions identified in the annual reports and expand U.S. agricultural export opportunities identified in the report.

The *Senate* amendment encourages the President to commence negotiations with other countries to reduce trade barriers identified in the reports, and requires that he report periodically to Congress on the actions taken. (Sec. 109.)

The *Conference* substitute adopts the *Senate* amendment with an amendment deleting the requirement that the President commence

negotiations with other countries to reduce trade barriers and clarifying that all appropriate USDA officers and employees, including those stationed abroad, shall be required to provide information on the nature of foreign export subsidies, unfair trade practices, and trade opportunities.

(22) Contract sanctity and producer embargo protection

The *House* bill declares it to be U.S. policy not to restrict or limit the export of U.S. agricultural commodities, or products except under the most compelling circumstances, that any such prohibition or limitation be imposed only in time of a national emergency under the terms of the Export Administration Act, and that contracts entered into before prohibitions or limitations are imposed should not be abrogated. (Sec. 1131.)

The *Senate* amendment amends section 1204 of the Agriculture and Food Act of 1981 to limit to direct payments in the form of compensation that may be made to producers of agricultural commodities for which export controls have been imposed. Section 1204 of the Agriculture and Food Act provides for embargo protection in the form of direct payments or loans at 100 percent of parity or a combination of both to producers of agricultural commodities subject to certain export controls. (Sec. 111.)

The *Conference* substitute adopts both the *House* provisions and the *Senate* amendment.

(23) Study to reduce foreign exchange risk

The *House* bill mandates a study by the Secretary of Agriculture to determine the feasibility, practicability and cost of implementing a program to reduce the risk of foreign exchange fluctuations incurred by purchasers of U.S. agricultural exports under U.S. export credit promotion programs. The results of the study shall be reported to the House and Senate agriculture committee within six months. (Sec. 1132.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(24) Cargo preference

(a) The *House* bill states that nothing in this Act shall be construed as exempting export activities from the cargo preference laws except to the extent that they were exempt under the existing law (PL 95–501) before September 13, 1985. (Sec. 1141.)

The *Senate* amendment makes congressional findings that productive and healthy U.S. agriculture and maritime industries are vitally important to the U.S., that both industries must compete in international markets increasingly subject to foreign subsidies and trade barriers and that increased agricultural exports and utilization of U.S. merchant vessels help the U.S. trade balance and generate employment opportunities. It declares that it is the policy of Congress to clarify ocean transportation requirements in order to permit USDA to plan its exports effectively, to take immediate steps to promote the growth of U.S. cargo carrying capacity, to expand U.S. international agricultural trade, and to improve the administrative efficiency of both commodity transactions and ocean transport activities associated with USDA sponsored export pro-

grams, and to stimulate both the agricultural and maritime industries. (Sec. 131.)

The *Senate* amendment also provides that the cargo preference requirements of the Merchant Marine Act, 1936, and the Joint Resolution of March 26, 1934, do not apply to any USDA or CCC export activity—

(1) under which CCC-acquired commodities are made available for the purposes of developing, maintaining, or expanding export markets for U.S. agricultural commodities or products at previously world market prices;

(2) under which payments are made available to U.S. exporters, users, or processors (or grants are made available to importers, so long as the cash grant does not result in the grantee paying less than the prevailing world market price for the commodities purchased) for purposes of developing, maintaining, or expanding export markets for U.S. agricultural commodities at prevailing world market prices;

(3) under which commercial credit quarantees are blended with direct CCC credit to reduce effective interest rates on export sales of U.S. commodities;

(4) under which CCC short term credit or credit guarantees are extended to finance or guarantee export sales of U.S. commodities; and

(5) under which commodities or products that are owned, controlled, or under loan from the CCC are exchanged or bartered for materials, goods, equipment, or services at prevailing world market prices. (Sec. 132.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment, technical in nature, including the positioning of the amendment in the Merchant Marine Act, 1936.

(b) The *Senate* amendment requires that the percentage of agricultural cargoes that are subject to the cargo preference laws is, to offset cargoes declared exempt in the preceding section, to be increased from the present 50 percent of certain cargoes to 60 percent of the such cargoes in calendar year 1986, 70 percent in 1987, and 75 percent in 1988 and thereafter.

The agricultural commodities and products that will be subject to the new higher levels of cargo preferences are:

(1) those exported under P.L. 480;

(2) those exported under section 416 of the Agricultural Act of 1949 (section 416 donations) and the Food Security Wheat Reserve Act of 1980;

(3) those donated to foreign governments or sold on credit terms of more than 10 years;

(4) commodities being made available for emergency food relief at less than prevailing world market prices;

(5) those purchased through the use of cash grants, if the grants result in the purchasers paying less than the prevailing world market price for such commodities; and

(6) those owned, controlled or under loan from the CCC that are exchanged or bartered for materials, goods, equipment, or services at prices other than prevailing world market prices. The requirement for U.S. flag transportation is subject to the

terms and conditions provided in section 901(b) of the Merchant Marine Act, 1936.

In implementing this cargo preference requirement, the Secretary of Transportation shall give due consideration to the availability of U.S.-flag vessels to transport the commodities. The Secretary of Transportation also shall administer the cargo preference provisions in a flexible manner, to the maximum extent practicable within the law, giving due consideration to historical trading patterns and to divisions in U.S. international shipping trades between bulk and liner service to particular georgraphic areas. The Secretary must administer the program in a manner which preserves to the greatest extent practicable the mean historical port range share of cargoes subject to cargo preference that are exported from the Atlantic, Gulf, Pacific, and Great Lakes port ranges.

In addition, the Secretary of Transportation must take whatever steps are necessary and practicable to preserve during calendar years 1986, 1987, 1988 and 1989, the percentage share, or metric tonnage, whichever is lower, of bagged, processed, or fortified commodities, exported under P.L. 480 title II in 1984 from Great Lakes ports.

The determination of prevailing world market prices for agricultural commodities shall be determined in accordance with procedures established by the Secretary of Agriculture. In event of a determination in the case of barter or exchange, the determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment—

(1) deleting the requirement that the Secretary of Transportation give due consideration to the availability of U.S. flag vessels to transport the commodities and deleting the language dealing with flexible administration of the program as well as the reference to the division between bulk and liner services and the preservation of historical port range shares;

(2) changing the minimum percentage requirements from a calendar year to 12-month periods commencing on April 1, 1986;

(3) requiring the program to be operated without detriment to any other port facility range;

(4) clarifying cash transfer provisions.

(c) The *Senate* amendment will require that the minimum quantity of agricultrual exports subject to the cargo preference laws for fiscal 1986 and annually thereafter shall be the average of the tonnage exported under the programs described above in paragraph (b) during the base period, discarding the high and low years. The base period for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year. The President may waive the minimum for any year in which he determines the quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons including the unavailability of funds. (Sec. 134.)

The *Senate* amendment provides that the Secretary of Transportation shall finance any increased ocean freight charges resulting from the increased cargo preference mandated above. The Secretary of Transportation also shall reimburse USDA and the CCC for the amount which their ocean freight and ocean freight differential costs in any fiscal year exceed 20 percent of the total cost of the commodities shipped plus ocean freight and differential.

For meeting these expenses, the Secretary of Transportation shall issue interest-bearing notes which the Treasury shall purchase as public debt transactions. Authorization is granted for annual appropriations commencing in fiscal 1986 to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due to the Treasury. If the Transportation Secretary is unable to get the funds necessary to finance the increased cargo preference, he shall notify Congress within 10 working days. (Sec. 135.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with an amendment, technical in nature.

(d) The *Senate* amendment also provides for a National Advisory Commission on Agricultural Export Transportation Policy to be established to conduct a comprehensive study of ocean transportation of agricultural exports subject to cargo preference laws and to make recommendations to the President and the Congress for improving the efficiency of such transportation on U.S. vessels in order to reduce the costs incurred by the U.S. The Commission shall be composed of 16 members including eight appointed by the President, four from the agricultural sector and four from the U.S. maritime industry (two representing labor, two management); and eight Congressional members consisting of the Chairman and ranking minority members of the House Agriculture Committee, Senate Agriculture, Nutrition, and Forestry Committee, and the House Merchant Marine and Fisheries and Senate Commerce, Science, and Transportation Committees. The Commission shall submit an interim report within one year and a final report within two years.

"Such sums as may be necessary" are authorized to be appropriated to carry out all the provisions of the Senate amendment (Subtitle C-Export Transportation of Agricultural Commodities).

The *Senate* amendment (Subtitle C) shall terminate 90 days after the Secretary of Transportation notifies the Congress of funding unavailability for the costs of increased cargo preference pursuant to the above notification requirement, unless within the 90 day period he proclaims the funds are available.

The 1936 Merchant Marine Act is amended to require that no U.S. commercial vessel shall be deemed to be available for the transportation of cargoes subject to the cargo preference unless such vessel has been certified by the Secretary of the Navy upon the recommendation of the Chief of Naval Operations as being necessary for the defense of the United States and its allies. (Sec. 136–139, 143.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment with amendments: (1) technical in nature; (2) clarifying that upon notification by the Secretary of Transportation that if funding is not

available for the increased costs of cargo reference required in this subtitle, the subtitle terminates and the 50 percent requirement of all programs covered by section 901(b) of the Merchant Marine Act of 1936 shall be in full affect; and (3) certification by the Secretary of Transportation of vessles eligible to carry cargoes.

The conferees intend that the special preference given to cargo shipped from the Great Lakes should not cause a reduction in the cargo shipped from other port ranges throughout the nation. The conferees also intend that the 1984 baseline for shipment of bagged grain from Great Lakes ports is a minimum.

(25) Consultations on import restrictions

The *House* bill requires that before any authority within the Department of Agriculture acts to relax or remove a restriction on the importation of an agricultural commodity, all appropriate authorities within the Department, including the Foreign Agricultural Service and the Animal and Plant Health Inspection Service, shall be consulted. (Sec. 1151.)

The *Senate* amendment requires similar consultations within the Department of Agriculture before an import restriction is relaxed or removed, and requires the Secretary of Agriculture to consult with the United States Trade Representative before such action is taken. The amendment requires Department of Agriculture personnel involved in agricultural trade negotiations with any country to consult with the Agricultural Policy Advisory Committee and the appropriate agricultural technical advisory committee established under Section 135 of the Trade Act of 1974 regarding agricultural practices and procedures before concluding any agricultural trade agreement. (Sec. 108.)

The *Conference* substitute adopts the *Senate* amendment with an amendment deleting the requirement that the Agricultural Policy Advisory Committee and certain advisory committees be consulted.

(26) Findings and export market development report

(a) The *House* bill proposes findings by Congress relative to the decline in U.S. agricultural exports, the resulting economic distress in rural America, the importance of exports to assuring a healthy farm economy, and the potential for increasing U.S. agricultural exports by utilizing existing authorities and programs to aid in the strengthening of developing countries so that they may one day become commercial customers for agricultural products of the United States. (Sec. 1153.)

The *Senate* amendment contains no comparable provision.

(b) The *House* bill requires the Secretary of Agriculture in conjunction with the Administrator of the Agency for International Development, and in consultation with the Secretary of State and the U.S. Trade Representative to submit a report to the President and Congress within one year. The report will contain (1) a global analysis of world food needs and production; (2) identify at least 15 target countries which are most likely to emerge as growth markets for agricultural commodities in the next 5 to 10 years; (3) and present a detailed plan for using available export and food aid authorities to increase U.S. agricultural exports to such target countries. Each year thereafter through fiscal 1990, the Secretary shall

submit a revised report on progress in implementing the plan, and recommending any changes in legislative authorities that may be needed. (Sec. 1154.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(27) Brazilian ethanol imports

The *House* bill requires the Secretary of Agriculture to conduct a study to determine the impact of Brazilian ethanol on the domestic price of grains and the domestic ethanol refining industry and, in consultation with the International Trade Commission and the United States Trade Representative, determine what relief should be granted to the domestic ethanol industry because of Brazilian ethanol imports. A report to the House and Senate agriculture committees would be required. (Sec. 1155.)

The *Senate* amendment requires the President, in order to prevent material interference with the price support program for feed grains, to limit the aggregate quantity of fuel ethanol that may be imported into the United States to 100 million gallons in 1986 and, for each succeeding year, to the amount by which the Secretary of Agriculture estimates that domestic demand for ethanol will exceed domestic production. (Sec. 1955.)

The *Conference* substitute adopts the *House* provision with an amendment requiring that the report also be submitted to the House Committee on Ways and Means and the Senate Committee on Finance.

(28) Import barrier study

The *House* bill requires the Secretary of Agriculture, using an interagency task force with representatives from the Departments of Agriculture, State, and Commerce, to study the economic impact on agricultural exports of any law or administrative action that imposes barriers on imports into the U.S. and to report the results of such study to Congress. (Sec. 1156.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(29) Oat import study

The *Senate* amendment requires the Secretary to conduct a study of the impact of domestic farm programs of the increased importation of oats into the United States. The Secretary must submit a report to Congress on the study within 1 year after enactment of the bill. (Sec. 1957.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(30) Tobacco pesticides residues

The *Senate* amendment provides that any tobacco imported into the United States must be certified by the importer, in a form prescribed by the Secretary, that the tobacco was not produced or processed with the use of a pesticide that had not been registered under the Federal Insecticide, Fungicide, and Rodenticide Act. The Secretary must provide by regulation that domestically produced

tobacco would be subject to substantially the same pesticide residue requirements. (Sec. 1929.)

The *House* bill contains no comparable provision.

The *Conference* substitute makes several changes to the Senate provision. First, the conference substitute changes the import requirement from a pesticide use standard to a nondiscriminatory, pesticide residue standard in order to conform the import restriction to international rules under the General Agreement on Tariffs and Trade. Second, the conference agreement limits application of this section to flue-cured and burley tobacco. Third, it imposes fees on a user fee basis for inspection of tobacco as an enforcement mechanism. Finally, the conference agreement makes certain technical changes to the Senate provision, for purposes of clarification and consistency with current law.

The purpose of this section of the conference agreement is to subject imported flue-cured and burley tobacco to the same pesticide residue requirements as already apply to domestic tobacco. The section does not apply to imports of cigar tobacco.

All flue-cured and burley tobacco offered for importation would have to be accompanied by a certificate that such tobacco does not contain prohibited pesticide residues. The residue standards to be applied are the same as those which apply to domestic tobacco, to ensure nondiscriminatory treatment.

Fraudulent certification by the importer under this section is subject both to civil penalties under the customs fraud provisions of section 592 of the Tariff Act of 1930, as amended, and to criminal penalties under 18 U.S.C. 1001.

If the tobacco to be imported is not accompanied by appropriate certification, then it shall be inspected by the Secretary to determine whether it complies with the pesticide residue standards. If it is determined to be in noncompliance, such tobacco shall be barred from entry into the United States.

Flue-cured and burley tobacco, both domestic and imported, shall be subject to periodic sampling and testing by the Secretary to determine whether such tobacco meets the pesticide residue requirements. The penalty for noncompliance of imported tobacco is prohibition from entry into the United States. The penalty for noncompliance of domestic tobacco is destruction of such tobacco.

(31) Export displacement

The *House* bill requires the Secretary of Agriculture to assess each program, project, or activity administered by the Secretary of Agriculture or the Department of Agriculture that provides assistance for agricultural production and marketing in a foreign country and the Secretary determines is likely to have a detrimental impact on efforts to promote U.S. agricultural exports. The Secretary shall report to Congress within 1 year on the results of the assessment in the case of current activities, and regularly thereafter on those undertaken following enactment of this provision. (Sec. 1163.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

(32) Opposition to multilateral assistance for foreign surplus agricultural commodities

The *Senate* amendment directs the Secretary of the Treasury to instruct the U.S. Executive Directors of multilateral development assistance banks to oppose any assistance for production of any agricultural commodity for export if such commodity is surplus on world markets and the export would cause substantial injury to competing U.S. producers. To the extent that such assistance is provided by the banks, the U.S. contribution to their capital expansion or replenishment would be reduced. (Sec. 1932.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(33) Prohibition on assistance for competing agricultural commodities

The *Senate* amendment prohibits the funds authorized to be appropriated to carry out chapter 1 of part 1 of the Foreign Assistance Act of 1961 to be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export if such export would compete in world markets with a similar commodity grown or produced in the United States. This section does not prohibit activities designed to increase regional food security in developing countries if such activities will have a negligible impact on efforts to promote agricultural commodities of the United States; nor does it prohibit research activities intended primarily to benefit American producers. (Sec. 1949.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment However, the conferees acknowledge that this is an important issue and would point out that current law (P.L. 98–473, making continuing appropriations for fiscal year 1985) contains a provision which effectively prohibits any foreign assistance funding for the production or export of any commodity that would compete with U.S. agricultural commodities if that commodity is in world surplus, and that would cause substantial injury to U.S. producers. The conferees reaffirm this current limitation on foreign assistance funding.

(34) Export sales of dairy products

The *Senate* amendment requires the Secretary of Agriculture during each fiscal year 1986, 1987, and 1988, to sell for export at prices determined by the Secretary not less than 150,000 tons of dairy products owned by the Commodity Credit Corporation. Through fiscal year 1988, the Secretary is to report semiannually to the House and Senate agriculture committees on the volume of sales made under the section. (Sec. 105.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment to protect normal marketings and specifying the types of dairy products to be sold.

(35) European Community trade

The *Senate* amendment contains findings regarding the failure to negotiate a mutually acceptable resolution to date on complaints regarding subsidies and discriminatory tariffs of the European Community against U.S. citrus, wheat flour, poultry, canned fruits, and raisin exports, complaints on which have been filed under Sec. 302 of the Trade Act of 1974. The President is directed to take all appropriate and feasible action to ensure a prompt and satisfactory resolution of these complaints, to counter any EC retaliatory action by withdrawing additional trade concessions, and to balance the level of concessions in the trade between the U.S. and the EC. (Sec. 113.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment, technical in nature, and an amendment deleting reference to countering any retaliatory action of the European Communities.

(36) Thai Rice

The *Senate* amendment contains Congressional findings concerning the international rice trade situation pursuant to which the Rice Millers' Association has filed a petition with the Commerce Department seeking countervailing duties on imports of Thai rice into the United States. The amendment expresses the Sense of Congress that the domestic U.S. rice industry is of vital importance and must be protected from unfair foreign competition, that the Thai Government is unfairly subsidizing the export of rice to the detriment of the U.S. rice industry, and that the Secretary of Commerce should give immediate consideration to the countervailing duty petition filed by the Rice Millers' Association. (Sec. 1952.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment deleting the specific references to the Rice Millers Association and deleting the sense-of-the-Congress statement that the Thai Government is unfairly subsidizing the export of rice.

(37) South African tobacco imports

The *Senate* amendment, effective December 1, 1985, prohibits the import into the United States of tobacco produced in South Africa until the President determines that South Africa has repealed all legal limitations there restricting foreign newsmen's coverage of events relating to unrest in that country, and reports to Congress the basis for his determination. (Sec. 1953.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment with an amendment.

The amendment adopted by the conferees establishes a new requirement to track the uses of imported flue-cured and burley tobaccos. Such information will assist the Secretary of Agriculture and the Congress in determining, for example, what portion of imported tobacco is being used for re-export purposes, and what portion is being used for the domestic manufacture of tobacco products.

Upon the importation of flue-cured or burley tobacco, the importer must identify any and all end users of such tobacco, if such information is known to the importer. The conferees define an end user as either (1) a domestic manufacturer of cigarettes or other tobacco products, (2) an entity that mixes, blends, processes, alters in any manner, or stores imported tobacco for re-export, or (3) any other individual that the Secretary may identify as making use of imported tobacco for the production of tobacco products.

The conferees do not intend by this provision to place any unreasonable burden on importers of tobacco, or to create any barrier to imports. In cases in which the importer has no knowledge of the identity of the end user(s), the importer is required merely to identify those purchasers of the imported tobacco which are known to him or her. If at some future date, the importer gains knowledge of any additional purchaser or end user, the importer must submit such information to U.S.D.A.

In cases in which all end users of a particular imported shipment of flue-cured or burley tobacco have not been identified to U.S.D.A., then U.S.D.A. is required to take all steps available to identify such end users. Such steps shall include requesting from known purchasers of such imported tobacco any information relevant to the identification of the end user(s).

The amendment also requires the Secretary to report to the relevant committees of the Congress, by April 1, 1986, on the implementation of this section.

Strategic stockpile sale or barter authority

The *House* bill provides that one half of the commodities in the Commodity Credit Corporation or otherwise under the Department of Agriculture stores, as of January 1, 1986, shall be available for sale or barter with the proceeds to be used to furnish materials for the Strategic Stockpile without further appropriations therefor. Such sales or barter can be made within the United States and other sovereign countries. To the extent that the assets of the Commodity Credit Corporation are reduced by this process, the full faith and credit of the United States shall be substituted therefor. The Commodity Credit Corporation shall take appropriate action to protect fully the assets of the Commodity Credit Corporation on the basis of the established value at the time of transfer of the assets for sale or barter. In such sales or barter the commodities need not be sold or bartered at a profit and no such sale or barter shall be effected which in the judgment of the Commodity Credit Corporation will seriously adversely affect production or prices in the United States or elsewhere. (Sec. 1879.)

The *Senate* amendment makes various findings of Congress related to barter and exchange of agricultural commodities for strategic and critical materials. Section 4(h) of the Commodity Credit Corporation Charter Act is amended to require the Commodity Credit Corporation, to the maximum extent practicable and in consultation with the Secretary of State, to accept strategic and critical materials produced abroad in exchange for CCC commodities.

The Secretary of Agriculture, in effecting the exchange of strategic and critical materials produced abroad for CCC commodities, must use normal commercial trade channels, avoid displacing

usual marketings of U.S. agricultural commodities and products, and take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country of agricultural commodities used for the exchange. The CCC is also authorized to solicit bids from and to utilize private trading firms to effect the exchange of goods.

The CCC must be reimbursed for the CCC commodities exchanged for materials placed in the strategic and critical materials stockpile in the same fiscal year the materials are transferred to the stockpile.

If the volume of petroleum products stored in the Stragetic Petroleum Reserve is less than the prescribed levels the CCC must, to the maximum extent practicable, with the approval of the Secretary of Agriculture, make available annually to the Secretary of Energy, a quantity of agricultural products owned by the CCC with a market value at the time of the request of at least $300,000,000 for use by the Secretary of Energy in acquiring petroleum products (including crude oil) produced abroad for placement in the Strategic Petroleum Reserve through an exchange of the agricultural products.

The terms and conditions of each exchange would be determined by the Secretary of Energy in consultation with the Secretary of Agriculture. If the volume of agricultural products to be exchanged has a value in excess of the established market price of the petroleum products (including crude oil) acquired by the exchange, the Secretary of Energy would require that the party or entity providing the petroleum products agree to purchase, within 6 months following the exchange, current-crop commodities or value-added food products from U.S. producers or processors in an amount equal to at least one-half of the difference between the value of the commodities received in the exchange and the market price of the petroleum products acquired for the Strategic Petroleum Reserve in the transaction.

The Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) is amended to require the Secretary, to the maximum extent practicable, in connection with barter activity under the Act to solicit bids from and to utilize private trading firms to arrange or make barters or exchanges for strategic or other materials.

The Secretary must encourage U.S. exporters of agricultural commodities and products to barter such commodities and products for foreign products needed by the exporters. The Secretary is also required to provide technical assistance relating to the barter of agricultural commodities and products to U.S. exporters requesting such assistance. (Sec. 111.)

The *Conference* substitute adopts the Senate amendment with an amendment to (1) strengthen the requirement that the Commodity Credit Corporation be reimbursed for CCC commodities provided in barter transactions; (2) provide that the Secretaries of Agriculture and Energy jointly determine the terms of barter transactions involving petroleum products; and (3) delete the requirement that the recipients of bartered agricultural commodities agree in certain cases to purchase additional agricultural commodities.

JOINT EXPLANATORY STATEMENT LANGUAGE

It is the position to the conferees that the Secretary of Agriculture is not to object to the applications submitted as of December 12, 1985, to the U.S. Department of Commerce, Foreign Trade Zone Board, for establishment of a Foreign Trade Subzone, where such subzone would be used for the manufacture of products containing substances numbered 155.20 as defined by the Tariff Schedules of the United States administered by the U.S. International Trade Commissioner and where such products would fall under U.S. import quotas.

It is the intent of the conferees that the Department utilize, on a priority basis, those export assistance programs that are more likely to directly enhance producer income.

TITLE XII—RESOURCE CONSERVATION

(1) Definitions (Sec. 1201)

(a) Agricultural commodity

The *House* bill defines "agricultural commodity" for the purposes of this title as any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters. (Sec. 1201(1).)

The *Senate* amendment defines such term as any agricultural commodity planted and produced in a State by annual tilling of the soil, including tilling by one-trip planters; or *sugarcane planted and produced in a State.* (Sec. 1601(a)(1).)

The *Conference* substitute adopts the Senate amendment.

(b) Wetland

The *House* bill defines "wetland", except when such term is part of the term "converted wetland", as land that has a predominance of hydric soils and that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions. (Sec. 1201(3).)

The *Senate* amendment defines the term as an area, whether privately or publicly owned (including a swamp, marsh, bog, prairie pothole, or similar area) with the same characteristics as in the House bill except that with respect to hydrophytic vegetation the land must support the growth and regeneration of hydrophytic vegetation. (Sec. 1601(a)(19).)

The *Conference* substitute adopts the *House* provision.

(c) Converted wetland

The *House* bill defines the term "converted wetland" to mean wetland that has been converted by certain activity making the production of agricultural commodities possible that would not have been possible but for such activity and that, before such activity was taken, was wetland and not highly erodible land nor highly erodible cropland with several exemptions listed. (Sec. 1201(4).)

The *Senate* amendment is comparable with respect to "converted wetland" except that it does not apply to highly erodible cropland

(Sec. 1601(a)(4)(A)), and though the exemptions are similar they are stated differently.

The *Conference* substitute adopts the *House* provision.

(d) Field

The *House* bill defines "field" the same as that term is defined in 7 CFR 718.2. Under section 718.2, a "field" is defined as a part of a farm that is separated from the balance of the farm by permanent boundaries such as fences, permanent waterways, woodlands, croplines (in cases where farming practices make it probable that such cropline is not subject to change), or other similar features. The *House* bill provides, however, that any highly erodible land and any converted wetland on which an agricultural commodity is produced after the date of enactment and that is not exempt under section 1203 (listing exemptions) shall be considered as part of the field in which such land was included on date of enactment, and the Secretary of Agriculture shall provide for modification of boundaries of fields to effectuate the purposes and facilitate the administration of the subtitle. (Sec. 1201(5).)

The *Senate* amendment uses the same CFR definition (as of January 1, 1985), except that any highly erodible land on which an agricultural commodity is produced after the date of enactment and that is not exempt under section 1612 (listing exemptions) shall be considered as part of the field in which such land was included on the date of enactment unless the Secretary permits modification of the boundaries of the field to carry out the subtitle. (Sec. 1601(a)(7).)

The *Conference* substitute adopts the *Senate* amendment.

(e) Highly erodible land

The *House* bill defines "highly erodible land" as land that is classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of the enactment of the bill; or that, if used to produce an agricultural commodity, would have an excessive average annual rate of erosion in relation to the soil loss tolerance level, as established by the Secretary, and as determined by the Secretary through application of factors from the universal soil loss equation and the wind erosion equation, including factors for climate, soil erodibility, and field slope. For purposes of this paragraph, the land capability class or rate of erosion for a field shall be that determined by the Secretary to be the predominant class or rate. (Sec. 1201(6).)

The *Senate* amendment defines "highly erodible land" in reference only to land classes and includes all land classes listed in the *House* bill as well as land classed as IIIe by the Soil Conservation Service. The *Senate* amendment also specifically includes publicly owned land. (Sec. 1601(a)(8).)

The *Conference* substitute adopts the *House* provision.

(f) Highly erodible cropland

The *House* bill defines "highly erodible cropland" as highly erodible land that is in cropland uses, as determined by the Secretary. (Sec. 1201(7).)

The *Senate* amendment contains no comparable provision. (However, the term "eligible erosion-prone land" is the equivalent term for land eligible for the conservation reserve. (See paragraph (h) below.)

The *Conference* substitute adopts the *House* provision.

(g) Conservation payment

The *Senate* amendment defines "conservation payment" as a payment made by the Secretary to an owner or operator of a farm or ranch containing eligible erosion-prone land to reimburse such owner or operator for the cost of establishing vegetative cover on such land in accordance with conservation acreage reserve provisions of the bill. (Sec. 1601(a)(3).)

The *House* bill contains no comparable definition.

The *Conference* substitute amends the *Senate* amendment and inserts in lieu thereof a new definition for the term "cost sharing payment" as referenced in Section 1233(1).

(h) Eligible erosion-prone land

The *Senate* amendment defines "eligible erosion-prone land" to mean erosion-prone land that has been devoted, or has been considered to be devoted, to the production of an agricultural commodity during at least two of the last three consecutive crop years ending prior to January 1, 1986. (Sec. 1601(a)(5).)

The *House* bill contains no comparable provision. However, the term "highly erodible cropland" is the equivalent term for land eligible for the conservation reserve. (See paragraph (f) above.)

The *Conference* substitute deletes the *Senate* amendment.

(i) Erosion-prone land

The *Senate* amendment defines "erosion-prone land" similarly to the definition of "highly erodible land" in section 1201(6) of the *House* bill (see paragraph (e) above), except that the *Senate* amendment refers to an excessive rate of erosion and the *House* bill refers to an excessive average annual rate of erosion. (Sec. 1601(a)(6).)

The *House* bill contains no comparable definition.

The *Conference* substitute deletes the *Senate* amendment.

(j) Hydric soil

The *Senate* amendment defines "hydric soil" as soil that, in its undrained condition, is saturated, flooded, as ponded long enough during a growing season to develop an anerobic condition that supports the growth and regeneration of hydrophytic vegetation. (Sec. 1601(a)(9).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment.

(k) Hydrophytic vegetation

The *Senate* amendment defines "hydrophytic vegetation" as a plant growing in water or in a substrate that is at least periodically deficient in oxygen during a growing season as a result of excessive water content. (Sec. 1601(a)(10).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment.

(l) In-kind commodities

The *Senate* amendment defines the term "in-kind commodities" as commodities that are normally produced on land that is the subject of an agreement entered into under the conservation acreage reserve program. (Sec. 1601(a)(11).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment.

(m) Rental payment

The *Senate* amendment defines "rental payment" to mean a payment made by the Secretary to an owner or operator of a farm or ranch containing eligible erosion-prone land to compensate the owner or operator for retiring such land from crop production and placing such land in the conservation acreage reserve. (Sec. 1601(a)(14).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment with a modification substituting the term "highly erodible cropland" for the term "erosion-prone land."

(n) Shelterbelt

The *Senate* amendment defines the term "shelterbelt" as a vegetative barrier with a linear configuration composed of trees, shrubs, and other approved perennial vegetation. (Sec. 1601(a)(16).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment.

(o) State

The *Senate* amendment defines "State" to mean each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of Northern Mariana Islands, or the Trust Territory of the Pacific Islands. (Sec. 1601(a)(17).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment.

(p) Vegetative cover

The *Senate* amendment defines "vegetative cover" as perennial grasses or legumes with an expected life span of 5 or more years or trees. (Sec. 1601(a)(18).)

The *House* bill contains no comparable definition.

The *Conference* substitute adopts the *Senate* amendment with an amendment adding "forbs" and "shrubs."

(2) Criteria for identification of (and lists of) hydric soils and hydrophytic vegetation (Sec. 1201)

The *Senate* amendment requires the Secretary of Agriculture to develop criteria for the identification of hydric soils and hydrophytic vegetation and lists of such soils and vegetation. (Sec. 1601(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(3) Program ineligibility for production of commodities on highly erodible land or converted wetland (Sec. 1211)

(a) The *House* bill provides that any person who, after enactment, produces during any crop year an agricultural commodity on highly erodible land or on converted wetland shall be ineligible for certain agricultural program benefits on any commodity the person produced during that crop year.

The *House* bill also itemizes the program benefits to which the sanction described in the paragraph above would apply as follows: any type of price support or payments, farm storage facility loans, Federal crop insurance, disaster payments, and any Farmers Home Administration (FmHA) insured or guaranteed loan if the FmHA loan would be used for a purpose that would contribute to excessive erosion of highly erodible land, or conversion of wetlands (other than as provided in this item and item (4)) to produce agricultural commodities. (Sec. 1202(a).)

The *Senate* amendment contains comparable provisions except that it treats "highly erodible land" and "converted wetland" separately as respects program ineligibility. (Secs. 1611 and 1621.)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment provides that a person who produces an agricultural commodity on highly erodible land or converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for a payment made under section 4 or 5 (general and specific authorities) of the Commodity Credit Corporation Charter Act during such crop year for the storage of an agricultural commodity acquired by the Commodity Credit Corporation. (Sec. 1621(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(4) Landlord eligibility (Sec. 1243)

The *House* bill provides that the program ineligibility of a tenant or sharecropper for benefits shall not cause a landlord to be ineligible for benefits for which the landlord would otherwise be eligible with respect to commodities produced on lands other than those operated by the tenant or sharecropper. (Sec. 1202(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(5) Exemptions with respect to highly erodible land (Sec. 1212)

The *House* bill exempts highly erodible land that was set aside, diverted, or otherwise not cultivated under provisions of a Department of Agriculture program for any of the 1981 through 1985 crops to reduce production of an agricultural commodity, except as otherwise provided under the conservation reserve provisions, from the program ineligibility provisions of section 1202. (Sec. 1203(2)(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(6) Ineligibility of exempted highly erodible land (Sec. 1212)

The *House* bill provides that the exemption from the program ineligibility provisions of section 1202 (relating to highly erodible

land) for lands cultivated, set aside, or diverted for any of the 1981 through 1985 crops of agricultural commodities ends on the later of January 1, 1990, or the date which is two years after the date such land on which such crop is produced was mapped by the Soil Conservation Service for the purposes of classifying such land under the land capability classification system. However, there is an exception providing that such program benefits shall not be denied to any person if as of January 1, 1990, or two years after the Soil Conservation Service has completed a soil survey for the farm, whichever is later, such person is actively applying a conservation plan based on the local Soil Conservation Service technical guide and approved by the local soil conservation district or the Secretary of Agriculture, in which event, such person shall have until January 1, 1995, to comply with the plan. (Sec. 1203(a)(1).)

The *Senate* amendment provides that the Secretary must require, as a condition of eligibility for any loan, purchase, or payment authorized for any agricultural commodity under any program carried out by the Secretary or the Commodity Credit Corporation, that any person who produces an agricultural commodity on highly erodible land must use a conservation system determined appropriate for such land by a conservation district, or the Secretary if no conservation district exists, beginning with the later of the 1988 crop year or the date that is 2 years after the date the Soil Conservation Service has mapped such land for the purpose of classifying such land under the land capability classification system. (Sec. 1613.)

The *Conference* substitute adopts the *House* provision with an amendment requiring the local soil conservation district to consult with the county Agricultural Stabilization and Conservation Committee in approving the conservation plan to be applied by the person.

The Conferees note that historically, the SCS technical guides in some states have included the provision that for land to be considered adequately treated, soil losses had to be reduced to an arbitrary standard called the soil loss tolerance or "T" value. This value ranges from two (2) to five (5) tons per acre per year. In many cases soil losses on highly erodible lands can be reduced from levels ranging from as much as 20–30 tons per acre per year or more to less than 10 tons per acre with very cost effective measures such as conservation tillage, contour farming, or strip cropping. These measures can usually be installed with a minimum of capital investment and can reduce erosion as much as 80–90 percent. If a rigid standard of "T" value is mandated for an acceptable conservation plan, even if erosion had been reduced from say 30 tons per acre to 7–8 tons per acre through the application of cost effective conservation measures, the producer could be required to either install a very expensive additional practice such as terraces or convert the land to grass or trees from cropland in order to continue to be eligible for program benefits.

It is not the intent of the Conferees to cause undue hardship on producers to comply with these provisions. Therefore, the Secretary should apply standards of reasonable judgment of local professional soil conservationist and consider economic consequences in estab-

lishing requirements for measures to be included in conservation plans prepared under this provision.

(7) Exemption for wetland (Sec. 1222)

(a) The *House* bill exempts converted wetland from the program ineligibility provision of section 1202 if the land became converted wetland before the date of enactment of the bill. (Sec. 1203(a)(6).)

The *Senate* amendment exempts converted wetland if the conversion of the wetland was commenced before the date of enactment of the bill. (Sec. 1622(a)(1).)

The *Conference* substitute adopts the *Senate* amendment. The Conferees intend that conversion of wetland is considered to be "commenced" when a person has obligated funds or begun actual modification of the wetland.

(b) The *House* bill exempts from the program ineligibility provisions of section 1202 production of an agricultural commodity on converted wetland (A) within a conservation district, in accordance with a wetland conservation plan that has been approved by the conservation district under regulations prescribed by the Secretary of Agriculture in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service; or (B) not within a conservation district, in accordance with a wetland conservation plan that has been approved by the Secretary under regulations prescribed by the Secretary in consultation with the Secretary of the Interior acting through the United States Fish and Wildlife Service. (Sec. 1203(a)(7).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(c) The *Senate* amendment provides that the Secretary may exempt a person from the program ineligibility provision relating to wetland for any action associated with the production of an agricultural commodity on converted wetland if the effect of such action, individually and in connection with all other similar actions authorized by the Secretary in the area, on the hydrological and biological aspect of wetland, is minimal. (Sec. 1622(b).)

The *House* bill contains a similar provision in the "converted wetland" definition but refers to actions of the producer whose cumulative and individual effect on the hydrological and biological values of the wetlands is minimal. (Sec. 1201(4)(B)(iv).)

The *Conference* substitute adopts the *Senate* amendment.

(d) The *House* bill defines converted wetland to exclude artificial lakes and ponds, wetland created by irrigation and for fish production and other similar purposes. (Sec. 1201(4).)

The *Senate* amendment exempts from the ineligibility provisions of section 1621 relating to wetland any person who produces an agricultural commodity on land converted to artificial wetland as described in the *House* bill except that the reference in the *Senate* amendment to irrigation specifically includes subsurface irrigation. (Sec. 1622(a)(2).)

The *Conference* substitute adopts the *Senate* amendment.

(8) Appeal procedure (Sec. 1243)

The *House* bill requires the Secretary of Agriculture to establish by regulation an appeal procedure for adverse determinations

made under the subtitle (including those under the conservation reserve). (Sec. 1206(c).)

The *Senate* amendment contains a comparable provision except that it does not apply to the conservation acreage reserve. However, it also requires the Secretary to establish, by regulations, an appeal procedure under which a person may seek review of a determination relating to classification of land or that the land is converted wetland. (Secs. 1616 and 1615(b)(1).)

The *Conference* substitute adopts the *House* provision.

The Conferees intend that the appeal procedure established by the Secretary be applicable to any adverse determinations made under all conservation programs established under this title.

(9) Consultation with Interior (Sec. 1223)

The *House* bill requires the Secretary of Agriculture to issue regulations, in consultation with the Secretary of the Interior, relating to determinations of minimal effect of producer actions on wetland and production of agricultural commodities on converted wetland in accordance with an approved wetland conservation plan. (Secs. 1201(4) and 1203(a)(7).)

The *Senate* amendment requires the Secretary to consult with the Secretary of the Interior on determinations and actions to carry out the wetland provisions, including the identification of wetland, determination of exemptions, and issuance of regulations. (Sec. 1623.)

The *Conference* substitute adopts the *Senate* amendment.

CONSERVATION RESERVE

(10) Eligible land (Sec. 1231)

(a) The *House* bill requires the Secretary of Agriculture to carry out a Conservation Reserve (CR) program with owners of "highly erodible land" that is in cropland uses. (Secs. 1205(a), 1201(a)(7).)

The *Senate* amendment uses the term "eligible erosion-prone land" for land eligible for inclusion in the CR program (CR). (Sec. 1631(a).)

The definitions of these two terms are similar, but the *Senate* amendment specifies the land must have been devoted, or considered devoted, to the production of an agricultural commodity during at least 2 of the last 3 consecutive crop years preceding January 1, 1986. (Secs. 1601(a)(5) and 1631(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill provides that the Secretary shall consider for inclusion in the CR those lands not highly erodible that pose an off-farm environmental threat or, if permitted to remain in production, pose a threat of continued degradation of productivity due to soil salinity. (Sec. 1205(o).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete the word "shall" and insert in lieu the word "may."

(11) Contracting; Size of reserve (Sec. 1231)

(a) The *House* bill requires the Secretary of Agriculture to enter into CR contracts beginning October 1, 1985, and ending September 30, 1990, covering not in excess of 20 million acres. (Sec. 1205(b)(1).

The *Senate* amendment requires the Secretary to carry out the CR program during the 1986 through 1990 crop years and to place acreage in the CR as follows:

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 and 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1988 through 1989 crop years, a total of not less than 25, nor more than 45, million acres;

(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres. (Sec. 1631(c).)

The *Conference* substitute adopts the *Senate* amendment with an amendment authorizing the Secretary to reduce the minimum conservation reserve acreage each year by no more than 25 percent if the Secretary determines that rental payments in the following year are likely to be significantly less. The amendment requires the Secretary to enter into the conservation reserve at least 40 million acres, but not more than 45 million acres, through fiscal year 1990.

(b) The *House* bill provides for an additional 5 million acres of cropland to be placed in the CR program with payment to be made in surplus agricultural commodities owned by the Commodity Credit Corporation except that payment under these contracts may be made in cash if sufficient commodities are not available or payment in commodities will have a depressing market effect. (Sec. 1205(b)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(c) The *House* bill limits the amount of acreage that may be placed in the CR to not more than 25 percent of the cropland in any country. (Sec. 1205(a).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to allow the Secretary to exceed the 25 percent per county limitation if he determines that higher levels would not adversely affect the local economy in that particular county.

(12) Duration of CR contracts (Sec. 1231)

The *House* bill provides that the CR contracts for 20 million acres shall not be less than 10 years in duration and contracts for 5 million additional acres shall be for periods up to 10 years. (Sec. 1205(b)(1) and (2).)

The *Senate* amendment provides that CR contracts shall be for not less than 7 nor more than 15 years in duration. (Sec. 1631(d).)

The *Conference* substitute adopts the *Senate* amendment with an amendment striking "7" and inserting "10."

(13) Duties of owners and operators under a CR contract (Sec. 1232)

The *House* bill requires the owner or operator to effectuate a plan approved by the appropriate State forestry agency if the owner or operator is to convert the acreage to trees. (Sec. 1205(b)(1)(A).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(14) Violation of contract by owners or operators (Sec. 1232)

The *House* bill requires the Secretary of Agriculture to consider the recommendation of the Soil Conservation Service and the soil conservation district before determining that a violation of a contract is serious enough to warrant termination. (Sec. 1205(b)(1)(B).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(15) Result of a transfer of land subject to a CR contract (Sec. 1232)

The *House* bill authorizes the Secretary of Agriculture to make adjustments in payments and refunds under the CR contract upon transfer of the land subject to the contract unless the transferee assumes all obligations under the contract. (Sec. 1205(b)(1)(C).)

The *Senate* amendment contains no authority to make adjustments in payments upon transfer of the land subject to the contract but does require interest to be paid on the amounts to be refunded unless the transferee assumes all obligations under the contract, or the new owner or operator enters into a new contract with the Secretary in accordance with section 1635(a). (Sec. 1632(a)(6).)

The *Conference* substitute adopts the *House* provision.

(16) Haying and grazing (Sec. 1232)

The *House* bill requires the owner or operator to agree not to conduct, during the term of the contract, any harvesting or grazing nor otherwise make commercial use of the forage on land that is subject to the contract, except that the Secretary of Agriculture may permit harvesting or grazing or other commercial use of the forage on land that is subject to the contract in response to a drought or other similar emergency. (Sec. 1205(b)(1)(D).)

The *Senate* amendment prohibits haying and grazing and harvesting or other commercial use of forage or trees on land subject to a CR contract unless expressly permitted in the contract or under section 1632(d). Section 1632(d) provides that the Secretary may designate a State, or part of a State, as an area in which an owner or operator holding a CR contract may be permitted, on an individual basis, to conduct haying and grazing, subject to such terms and conditions as the Secretary may prescribe, on land subject to such contract, except that such haying or grazing may be permitted only during the 6 principal nongrowing months of a year, and except that the Secretary may not designate a State, or part of a State, under this exception for more than 1 year at a time. (Sec. 1632.)

The *Conference* substitute adopts the *House* provision.

(17) Forestry practices (Sec. 1232)

(a) The *House* bill provides that no contract may prohibit customary forestry practices such as pruning, thinning (including thinning that results in commercial pulpwood and fence post harvesting), or stand improvement on land subject to a CR contract. (Sec. 1205(b)(1)(E).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment striking "(including thinning that results in a commercial pulpwood and fence post harvesting)."

(b) The *House* bill provides that no contract may permit tree planting on CR land unless the contract specifies that the harvesting and commercial sale of such trees for Christmas trees is prohibited. (Sec. 1205(b)(1)(E).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *Senate* amendment provides that no less than 5 million acres of land placed in the CR during the period 1986–1990 will be devoted to trees. (Sec. 1632(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate amendment with an amendment deleting "5 million acres of land" and instead requiring that "not less than one-eighth of the number of acres of land placed in the conservation reserve each year under this subtitle during the 1986 through 1990 crop years, to the extent practicable, shall be devoted to trees."

(18) Acceptability of contract offers (Sec. 1234)

(a) The *House* bill provides that the Secretary of Agriculture, when considering contract offers, may accept those offers that provide for the establishment of shelterbelts and windbreaks, or permanently vegetated stream borders, filter strips of permanent grass, forbs, shrubs, and trees that will reduce sedimentation substantially. (Sec. 1205(f)(2).)

The *Senate* amendment directs the Secretary, when considering the acceptability of contract offers, to give priority to those offers that will result in the lowest cost to the Federal Government when calculated on the basis of all relevant factors, including the number of acres of eligible erosion-prone land removed from production each year, the amount of funds made available to carry out the program, the extent to which eligible erosion-prone land may contribute to off-site damages, and the potential benefits to wildlife. (Sec. 1634(c)(1).)

The *Conference* substitute adopts the *House* provision. The Conferees intend that the Conservation Reserve be administered, to the extent practicable, so as not to reward those who in recent years have converted highly erodible land to cropland uses.

(b) The *Senate* amendment provides that in determining the acceptability of contract offers the Secretary may (A) establish different criteria in various States and regions of the United States to determine the extent to which erosion be abated, and (B) give priority to offers made by owners and operators who are subject to the highest degree of economic stress. (Sec. 1634(c)(2) and (3).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(19) Payment limitation (Sec. 1234)

(a) The *House* bill limits a person to payments of annual rental fees applicable to a farm or ranch to $50,000. The House bill also requires the Secretary of Agriculture to issue regulations defining the term "person" and provides that the regulations issued by the Secretary on December 18, 1970, under the Agricultural Act of 1970 shall be used to determine whether corporations and their stockholders will be considered separate persons. (Sec. 1205(d)(3).)

The *Senate* amendment provides that the total amount of rental payments, including rental payments made in the form of in-kind commodities, made to an owner or operator under a CR contract for any fiscal year may not exceed $50,000. (Sec. 1634(h)(1).)

The *Conference* substitute adopts the Senate amendment with an amendment incorporating that section of the House provision providing that the regulations issued by the Secretary on December 18, 1970, under the Agricultural Act of 1970 shall be used to determine whether corporations and their stockholders will be considered separate persons.

(b) The *Senate* amendment also provides that the rental payments under a CR contract shall be outside of other payment limits established under the bill or the Agricultural Act of 1949. (Sec. 1634(h)(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate amendment.

(20) Payment of cost of installing and maintaining conservation measures (Sec. 1234)

The *House* bill directs the Secretary of Agriculture to pay 50 percent of the cost of installing and maintaining the specified conservation measures set forth in the CR contract. (Sec. 1205(e).)

The *Senate* amendment directs the Secretary to cost share no more than 50 percent of the cost of the conservation measures set forth in the contract. (Sec. 1633 (1).)

The *Conference* substitute adopts the House provision with an amendment striking the words "installing and maintaining" and inserting instead the word "establishing."

(21) Change in ownership (Sec. 1235)

(a) The *House* bill places restrictions on the ability of the Secretary of Agriculture to enter into CR contracts covering land with respect to which the ownership has changed in the 3-year period preceding the first year of the contract period unless the new ownership was acquired by will or succession, the new ownership was acquired before Janaury 1, 1985, or the Secretary determines the land was not acquired to place it in the program. (Sec. 1205(i)(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill permits the continuation of a CR contract by a new owner after a contract has been entered into, and does not require a person to own the land if such person has operated the land for at least three years preceding the date of the contract or

since January 1, 1985, whichever is later, and controls the land for the contract period. (Sec. 1205(i)(2).)

The *Senate* amendment provides that if, during the term of the CR contract, land subject to the contract is transferred, the new owner may continue the contract, enter into a new contract, or elect not to participate in the CR program. (Sec. 1635(a).)

The *Conference* substitute adopts the *House* provision.

(22) Modification of contract by Secretary (Sec. 1235)

The *Senate* amendment allows the Secretary of Agriculture to modify or waive a term or condition of a CR contract in order to permit all or part of the land subject to such contract to be devoted to the production of an agricultural commodity during a crop year. (Sec. 1635(b)(2).)

The *House* bill provides authority for the Secretary to waive or modify requirements of a plan approved by the Secretary or the conservation district under the CR program. (Sec. 1205(b)(1)(A).)

The *Conference* substitute adopts the *Senate* amendment.

(23) Payment in cash or in-kind (Sec. 1234)

(a) The *House* bill provides that payment under CR contracts can be made in cash or commodities, except that in-kind payments described in item (11)(b) shall be made in cash if payment in-kind would have a depressing market effect, or stocks are unavailable. (Sec. 1205(g).)

The *Senate* amendment requires the Secretary of Agriculture to make the annual rental payment under a CR contract for the first year in cash and for subsequent years in the form of in-kind commodities in such amounts as are agreed upon in the contract. The Secretary may make in-kind payments only if the Secretary makes a finding that the use of such commodity will not displace to a significant degree the usual marketings of such commodity. (Sec. 1634(e)(1) and (2).)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment provides that if payment is to be made with in-kind commodities, such payment shall be made by CCC (A) by delivery of the commodity involved to the owner at a warehouse in the county where the land under contract is located or at another agreed-on location, (B) by transfer of negotiable warehouse receipts; or (C) by such other method including the sale of the commodity in commercial markets as the Secretary deems appropriate. (Sec. 1634(e)(3).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(c) The *Senate* amendment also provides that if CCC stocks are not readily available to make full payment in kind under a CR contract, the Secretary may substitute full or partial payment in cash. (Sec. 1634(e)(4).)

The *House* bill contains no comparable provision except as described in paragraph (a) above.

The *Conference* substitute adopts the *Senate* amendment.

(24) Program ineligibility of CR acreage

The *House* bill provides that upon the termination or expiration of a CR contract, the highly erodible cropland that was the subject of such contract shall be considered highly erodible land for the purposes of section 1202, the program ineligibility section. (Sec. 1205(m).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the House provision.

The Conferees agreed that the Secretary should inform all persons entering contracts to place highly erodible cropland in the Conservation Reserve that upon expiration or termination of such contracts any highly erodible cropland will likely be subject to the program ineligibility section of this Act and therefore must be operated in accordance with an approved conservation plan would specify any land which could not be put into cultivation and any land which could be put in cultivation subject to installation of approved conservation practices. Such persons should be fully informed in advance, of the general scope of the requirements and obligations of the conservation plan.

(25) Termination of a CR contract (Sec. 1235)

The *Senate* amendment requires the Secretary of Agriculture to give written notice to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least 90 days before terminating all CR contracts. (Sec. 1635(c)(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(26) Carry out program through the Commodity Credit Corporation (Sec. 1241)

(a) The *House* bill authorizes the use of Commodity Credit Corporation funds to carry out the CR program and authorizes appropriations to reimburse the CCC for any amounts expended by it under the CR program and not previously reimbursed. (Sec. 1205(n).)

The *Senate* amendment requires the use of CCC funds in carrying out the CR program in fiscal years 1986 and 1987 and authorizes such use of CCC funds in subsequent fiscal years only if CCC has received prior appropriated funds to cover such CCC expenditures under the CR program. (Sec. 1636(a).)

The *Conference* substitute adopts the *Senate* amendment.

(b) The *House* bill provides that the authority to enter into contracts under CR program, not within the authority of the CCC or the Secretary of Agriculture as of the date of enactment of the bill, shall be effective for any fiscal year to such extent or in such amount as provided in appropriation Act (Sec. 1206(e).)

The *Senate* amendment provides that the authority to conduct the CR is in addition to other authorities available to the Secretary and the CCC. (Sec. 1636(f).)

The *Conference* substitute adopts the *Senate* amendment.

(27) Utilize other agencies (Sec. 1242)

(a) The *House* bill requires the Secretary of Agriculture in carrying out the highly erodible land, wetland, and conservation reserve provisions to use ASC Committees and the technical services of the Soil Conservation Service, the Forest Service, State foresters, and conservation district. (Sec. 1206(b).)

The *Senate* amendment requires the Secretary to use ASC Committees in carrying out the highly erodible land provisions and authorizes the Secretary in carrying out the conservation reserve provisions to use the same entities as provided for in the *House* bill with the addition of the Fish and Wildlife Service, State Fish and game authorities, the land grant colleges, and other appropriate agencies. (Secs. 1615(a) and 1636(b).)

The *Conference* substitute adopts the *Senate* amendment.

(b) The *Senate* amendment requires the Secretary, to the extent practicable, in carrying out the CR program at the State and county levels, to consult with the Fish and Wildlife Service, State forestry and fish and game agencies, land grant colleges, conservation districts, and other appropriate agencies and groups. (Sec. 1636(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendments with an amendment deleting the reference to "and groups."

(28) Base history (Secs. 1232 and 1236)

(a) The *House* bill explicitly provides that a conservation plan under the CR program may provide for the permanent retirement of any existing cropland base and allotment history for the land. (Sec. 1205(c).)

The *Senate* amendment contains no comparable explicit provision.

The *Conference* substitute adopts the House provision.

(b) The *House* bill also provides that a reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary of Agriculture, shall be made, during the period of the contract, in crop bases, quotas, and allotments with respect to crops for which there is a production adjustment program. (Sec. 1205(d)(2).)

The *House* bill further provides that notwithstanding the program ineligibility provisions relating to highly erodible land, the Secretary, by appropriate regulation, may provide for preservation of cropland base and allotment history applicable to acreage converted from the production of agricultural commodities under the CR program, for the purpose of any Federal program under which the history is used as a basis for participation in the program or for an allotment or other limitation in the program, unless the owner and operator agree under the contract to retire permanently the cropland base and allotment history. (Sec. 1205(1).) (See also item (24) above.)

The *Senate* amendment provides that, if an owner or operator diverts acreage from production under a CR contract, any cropland base or allotment history with respect to such acreage shall be retired. However, a cropland base or allotment history may be rees-

tablished on such acreage under law applicable upon the expiration of such contract. (Sec. 1636(e).)

The *Conference* substitute adopts the *House* provision with an amendment providing that a reduction, based on a ratio between the total cropland acreage on the farm and the acreage placed in the conservation reserve, as determined by the Secretary of Agriculture, shall be made, during the period of the contract, in the aggregate, in crop bases, quotas, and allotments on the farm with respect to crops for which there is a production adjustment program.

(29) Technical assistance for water resources (Sec. 1251)

The *House* bill provides that the Secretary of Agriculture may formulate plans and provide technical assistance to property owners and agencies of State and local governments and interstate river basin commissions to protect the quality and quantity of subsurface water, enable property owners to reduce their vulnerability to flood hazards, and control the salinity in the Nation's agricultural water resources. The Secretary is required to submit a report by February 15, 1987, and each February 15th thereafter, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate evaluating such plans and technical assistance. (Sec. 1211.)

The *Senate* amendment is the same except that it does not contain a provision rquiring a report. (Sec. 1954.)

The *Conference* substitute adopts the *House* provision with an amendment deleting the requirement for the Secretary to submit annual reports after the report due on February 15, 1987.

(30) Extension of the Soil and Water Resources Conservation Act of 1977 (Sec. 1252)

(a) The *House* bill extends the Soil and Water Resources Conservation Act of 1977 to December 3, 2008. (Sec. 1221.)

The *Senate* amendment extends the Act to December 31, 2005. (Sec. 1644.)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill amends the Act to require the Secretary of Agriculture to conduct four appraisals of the status of the soil, water, and related resources of the Nation to be completed by December 31, 1979, December 31, 1985, December 31, 1995, and December 31, 2005, respectively. (Sec. 1221.)

The *Senate* amendment requires the appraisals to be completed not later than December 31, 1979, December 31, 1984, December 31, 1994, and December 31, 2004. In the case of an appraisal due to be completed after December 31, 1984, the Secretary may supplement the preceding appraisal in lieu of preparing a new appraisal. (Sec. 1644.)

The *Conference* substitute adopts the House provision with an amemdment changing the required completion date for the second appraisal from December 31, 1985, to December 31, 1986.

(c) The *House* bill amends the Act tc require national soil and water conservation program updates to be completed by December 31, 1987, December 31, 1997, and December 31, 2007. (Sec. 1221.)

The *Senate* amendment requires program plans to be completed not later than December 31, 1979, December 31, 1984, December 31,

1994, and December 31, 2004. In the case of any plan required to be completed after December 31, 1984, the Secretary may supplement the preceding plan in lieu of preparing a new plan. (Sec. 1644.)

The *Conference* substitute adopts the *House* provision.

(d) The *Senate* amendment requires the Secretary in developing the national soil and water conservation program to take into consideration the priorities (as well as responsibilities) of Federal, State, and local governments in conservation efforts. (Sec. 1644.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(e) The *House* bill requires the President to transmit to the Speaker of the House of Representatives and the President of the Senate (A) the appraisals developed under section 5 of the Act at the time Congress convenes in 1980, 1986, 1996, and 2006; and (B) the program and program updates developed under section 6 of the Act at the time Congress convenes in 1980, 1988, 1998, and 2008, together with a detailed statement of policy regarding soil and water conservation activities of the Department of Agriculture. (Sec. 1221.)

The *Senate* amendment requires the President to submit the program plans and appraisals to the Speaker of the House and the President of the Senate on the first day Congress convenes in 1980, 1984, 1994, and 2004. (Sec. 1644.)

The *Conference* substitute adopts the *House* provision with an amendment changing the deadline when the second appraisal must be submitted to the Congress from the time Congress convenes in 1986 to 1987.

(f) The *House* bill deletes section 7(b) of the Act, which requires the President to submit an annual report to Congress of program and policy achievement in relation to the budget. (Sec. 1222.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(31) Dry land farming (Sec. 1253)

The *Senate* amendment amends section 7(a) of the Soil Conservation and Domestic Allotment Act by adding the promotion of energy and water conservation through dry land farming as an additional policy and purpose of such Act. (Sec. 1642.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(32) Agricultural conservation program

The *Senate* amendment amends section 8(d) of the Soil Conservation and Domestic Allotment Act to require that, in order to be eligible to receive a payment or grant of aid made under the agricultural conservation program authorized by sections 7 through 15, 16(a), 16(f), and 17 of such Act and sections 1001 through 1008 and 1010 of the Agricultural Act of 1970, a producer must use such payment or grant in accordance with a conservation plan approved (A) by the soil and water conservation district or districts in which the land described in the plan is situated, or (B) in areas where such district or districts do not exist or fails to act on the approval of such plan, the Secretary of Agriculture. In order to receive such approval, the plan must ensure that soil loss levels on lands subject

to such plan do not exceed the standards determined by the Secretary. The Secretary is required to provide technical assistance to producers to assist producers in preparing such plans. (Sec. 1643.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

(33) Soil Conservation Service

The *Senate* amendment, after making several findings concerning the Nation's soil and water resources, provides that it is the sense of Congress that (A) the vital work of the Soil Conservation Service be vigorously pursued to address the serious soil and water problems still confronting the United States; and (B) adequate support and funding be continued for the Soil Conservation Service and its necessary program. (Sec. 1645.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment. The Conferees endorse the Senate amendment for "Sense of the Congress" purposes.

(34) Softwood timber (Sec. 1254.)

The *Senate* amendment amends section 608 of the Agricultural Programs Adjustment Act of 1984 to require the Secretary of Agriculture to implement a program under which a delinquent loan made or insured under the Consolidated Farm and Rural Development Act, or portion of such loan, may be reamortized with the use of future revenue produced from the planting of softwood timber crops on land that was cultivated or in pasture and secures such a loan. Accrued interest on the outstanding loan may be capitalized. The Secretary is to set the interest rate on the new loan at a rate not more than the rate on comparable U.S. obligations, plus one percent. Payments on the reamortized loan may be deferred until the timber crop produces revenue or for a term of 45 years (whichever comes first) and must be repaid not later than 50 years after the date of reamortization. The borrower of the reamortized loan must place at least 50 acres of land in softwood timber production. The Secretary may make loans to such borrowers to assist in their placing their land in timber production. Such a loan may not exceed $100,000 per borrower and shall be secured by the land on which the trees are planted. (Sec. 1646.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment with an amendment providing discretion for the Secretary to establish such a program pursuant to the recommendations contained in the study mandated by Section 608 of Public Law 98–258. The amendment limits the program to "distressed" rather than "delinquent" FmHA loans and to "marginal land as determined by the Secretary." It also limits the amount borrowers may obtain to assist them in placing such land in softwood timber production to "the actual costs of tree planting for land placed in the program." The amendment requires that if the program is implemented, the Secretary must issue rules prescribing the terms and conditions for "management and harvesting practices of the timber crop." The *Conference* substitute also limits the size of the program to not more than 50,000 acres.

(35) Farmland protection (Sec. 1255.)

The *Senate* amendment amends the Farmland Protection Policy Act to state that it is the policy of the United States that the expenditure of Federal program funds is not to contribute to the irreversible conversion of farmland to nonagricultural uses, unless it can be demonstrated that there is no feasible alternative to achieve the program objective. Provisions of current law requiring the Secretary of Agriculture to develop criteria for identifying effects of Federal programs on the conversion of farmland to nonagricultural uses would be deleted. (Sec. 1956(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* amendment.

Title XIII—Credit

(1) Joint operations

The *House* bill amends sections 302 and 311(a) of the Consolidated Farm and Rural Development Act (the Act) to add joint operations to those entities eligible to receive farm ownership, soil and water conservation, recreation, and farm operating loans. It also amends section 343 of the Act to define the term "joint operation" to mean an operation in which two or more farmers work together sharing equally or unequally land, labor, equipment expenses, and income. (Sec. 1301.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(2) Eligibility for real estate and operating loans

The *Senate* amendment amends sections 302 and 311 of the Act to prohibit the Secretary of Agriculture from restricting eligibility for farm ownership, soil and water, recreation, and farm operating loans solely to borrowers who have loans outstanding as of the date of enactment of the bill. (Sec. 1701.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) Water and waste disposal facilities

(a) The *House* bill in section 306(a) of the Act will require the Secretary of Agriculture to establish a grant rate for each water or waste disposal contract for which a grant is made, and to set that rate in accordance with regulations providing for a graduated scale of grant rates with a higher rate for communities with lower level community populations and income levels. However, the grant rate will be the maximum permitted rate (75 percent) for any project in a community that has a population of 1,500 or fewer persons and a median household income not exceeding the higher of (1) the poverty line, or (2) 80 percent of the statewide nonmetropolitan median household income. (Sec. 1302(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment deleting the requirement that the grant rate be the maximum permitted for communities that meet specific population and income criteria. The amendment requires a graduated scale of

grant rates with targeting toward communities with low income and population.

(b) The *House* bill will require the Secretary to use a project selection system in deciding which water or waste disposal facility projects will be receiving grant assistance. The project selection system will provide for the objective and uniform comparison of requests for assistance (in the form of pre-applications) on the basis of relative need as reflected by factors determined by the Secretary, including (1) low community median income, (2) low population, and (3) severity of health hazards stemming from inadequate potable water or sewage disposal. The three factors described in the preceding sentence would be weighted equally and account for not less than 75 percent of the total rating points in the project selection system. (Sec. 1302(2).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(c) The *House* bill will add a new provision to section 306(a) to authorize the Secretary to make grants to private nonprofit organizations to finance technical assistance and training to (1) identify and evaluate solutions to water and sewage disposal problems in rural areas, (2) prepare applications for water and waste disposal grants made under the Act, or (3) improve operations and maintenance at water and waste disposal facilities. Not less than 2 percent of any appropriation for grants under section 306(a)(2) must be reserved for such grants unless the applications qualifying for such grants for the fiscal year total less than 2 percent of such appropriations. (Sec. 1302(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provisions with an amendment providing that not less than 1 percent or more than 2 percent of any appropriation for grants under section 306(a)(2) must be reserved for grants to provide technical assistance and training.

The conferees intend that the grant funds set aside to finance technical assistance and training not be used to recruit new applicants for the water and waste disposal program, but rather to be used to assist those communities that have already decided to make application for the FmHA water and waste disposal loan and grant program.

(d) The *House* bill will add a new provision to section 306(a) to require the Secretary to use median income and population figures of all the communities involved in cases in which water or waste disposal facility projects serve more than one community. The median figures would be used in (1) determining the grant rate described in paragraph (a) above, (2) applying the project selection system described in subsection (b), and (3) determining the interest rates under section 307 of the Act. (Sec. 1302(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment deleting reference to the use of median income and population figures for a project selection system referred to in item 3(b).

(e) The *House* bill will authorize the Secretary to make grants, aggregating not more than $10 million in any fiscal year, to asso-

ciations, nonprofit corporations, Indian tribes, and public and quasi-public agencies to test cost-effective methods of meeting basic needs of rural residents who do not have and cannot afford safe drinking water systems. Financing under such grants could be used to cover (1) individual or small, multiuser drinking water facilities, (2) costs involved in connecting rural residences into community water systems, (3) improvements to small community water systems, and (4) alternative rural drinking water systems. (Sec. 1302(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(f) The *House* bill will add a new provision to section 306 that provides that water and waste disposal facility grants can be used to pay the local share requirements of other Federal grant-in-aid programs. (Sec. 1302(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment which specifies that water and waste disposal facility grants may be used to pay the local share requirements of other Federal grant-in-aid programs if this use is authorized in the statute under which the Federal grant-in-aid program is carried out.

(g) The *Senate* amendment provides that the Secretary, in approving any water and waste disposal facility loan, must consider fully any recommendation made by the applicant or borrower concerning the technical design and choice of materials to be used for such facility. The Secretary must give the applicant or borrower a comprehensive justification if the Secretary determines that a different design or materials should be used. (Sec. 1702(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) Interest rates—water and waste disposal facility and community facility loans

The *House* bill provides that the interest rate for water and waste disposal facility loans and community facility loans must be the lower of the rate in effect (1) at the time of loan approval or (2) at the time of loan closing. (Sec. 1303(3).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(5) Effective date

The *House* bill provides that the water and waste disposal facility loan and grant provisions in section 1302 and the interest rate provisions on water and waste disposal and community facility loans in section 1303 will be effective October 1, 1985, and will apply to any loan or grant applicant, regardless of whether the loan or grant application was made before October 1, 1985. (Sec. 1304.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(6) Water and waste disposal plant feasibility study

The *Senate* amendment requires that the Secretary of Agriculture study the practicality and cost-effectiveness of making loans and grants under section 306 of the Act for the construction of

water and waste disposal facilities at individual locations in rural areas, rather than at central or community locations. The study must be submitted to the House and Senate agriculture committees within 120 days of the date of enactment of the bill. (Sec. 1702(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment specifying that the study also focus on small multi-use drinking water facilities, costs involved in connecting rural residents into community water systems, improvements to small community water systems, and alternative rural drinking water systems.

(7) Mineral rights as collateral

The *House* bill amends section 307 of the Act to prohibit the consideration of oil, gas, or other mineral rights as part of the collateral for farm ownership loans made after the date of enactment of the bill, unless the appraised value of these rights is specifically included in the appraised value of the collateral securing the loan. However, any payment or compensation the borrower receives for damage to the surface of the real estate stemming from mineral exploration or recovery may be counted as part of the collateral securing the loan. (Sec. 1305.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(8) Use of proceeds from mineral sales or leases

The *House* bill provides that for loans made after the date of enactment of the bill, unless the appraised value of the oil, gas, or other mineral rights was included as part of the appraised value of the loan security, a farm loan borrower, having an outstanding farm ownership, operating, disaster, or economic emergency loan, be allowed to use the royalties or lease or sale proceeds generated from such mineral rights to make prospective scheduled payments on the loan. (Sec. 1309.)

The *Senate* amendment is similar in that it allows the making of prospective payments on such loans with proceeds (1) from the lease of oil, gas or other mineral rights to real property securing the loan or (2) from the sale of oil, gas, or minerals removed from such property if the value of the rights was not used to secure the loan and the loan security is otherwise adequate. However, this option does not apply if liquidation or foreclosure is pending on the property on the date of enactment of the bill. (Sec. 1709.)

The *Conference* substitute adopts the *Senate* provision with a technical amendment deleting language specifying that the security for the loan be otherwise adequate.

(9) Sale of notes and security

The *Senate* amendment amends sections 309(d) and 309A(e) of the Act to clarify the authority of the Secretary of Agriculture to sell to parties notes evidencing loans made from the agricultural credit and rural development insurance funds. The clarification specifies that sale may be made on a nonrecourse basis and that the Secretary and any purchaser of such notes will be relieved of any responsibilities that might have been imposed had the borrower re-

mained indebted to the Secretary. Additionally, notes sold from the Agricultural Credit Insurance Fund on a nonrecourse basis must have been held in that fund for at least 4 years. (Sec. 1703.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(10) Rural industrial assistance

(a) The *House* bill amends section 310B of the Act to limit the principal amount of a business and industry loan to $25,000,000. (Sec. 1306(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(b) The *House* bill adds a new subsection to section 310B of the Act that effective October 1, 1986, authorizes the Secretary of Agriculture to make grants to public and private nonprofit institutions for the establishment and operation of rural technology development centers to promote the development and commercialization of (1) new products that can be manufactured in rural areas, and (2) new processes that can be used in such manufacturing. Grants will be made on a competitive basis, giving preference to applicants in areas that have, (1) a low level of industry and agribusiness, or (2) high unemployment, (3) low per capita income, and (4) high out-migration. The Secretary must issue regulations providing for monitoring and evaluating the rural technology development activities carried out by institutions that receive such grants. (Sec. 1306.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(c) The *Senate* amendment modifies section 310B of the Act to authorize the Secretary to guarantee loans to finance the production and distribution of ethanol in rural areas. All other loan and grant authority under section 310B is repealed. (Sec. 1704.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(d) The *Senate* amendment provides that, for fiscal year 1986 only, the Secretary must guarantee loans made by public agencies and private organizations to nonprofit national rural development and finance corporations that establish statewide development and finance programs for purposes of providing loans, loan guarantees, and other financial assistance to improve business, industry, and employment opportunities in rural areas (as determined by the Secretary). To obtain a loan, a rural development and finance corporation must:

(1) demonstrate its ability to administer a national revolving rural development loan program;

(2) be prepared to commit corporate resources to establish affiliated statewide rural development and finance programs; and

(3) have secured commitments of significant financial support from public agencies and private organizations for such affiliated statewide programs.

A determination to establish a particular affiliated statewide program must be based in large part on the willingness of the State and private organizations to make funds available to such program. The Secretary must use $20 million of the $150 million authorized for the production and distribution of ethanol in rural areas to

guarantee loans made to rural development and finance corporations, such funds to remain available until expended. (Sec. 1720(a).)

The *House* bill has no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) The Senate amendment provides that, for fiscal year 1986 only, the Secretary must make grants to national rural development and finance corporations for purposes of establishing a rural development program to provide financial and technical assistance to complement the loan guarantees required to be made in the provisions explained in paragraph (d).

All funds deposited in the Rural Development Loan Fund under sections 623(c)(1) and 633 of the Community Economic Development Act of 1981 that are available on the date of enactment of the bill must be transferred to the Secretary for the purpose of making such grants and must remain available until expended. (Sec. 1720(b).)

The *House* bill has no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment requiring that any loans made prior to the date of enactment shall bear the rate of interest in effect on the date of issuance for the life of such loan.

(11) Farm recordkeeping training for limited resource borrowers

The *Senate* amendment amends section 312(a) of the Act to authorize the making of an operating loan to a limited resource borrower holding a real estate loan made under section 310D of the Act for purposes of paying for training in the maintenance of records of farming and ranching operations. (Sec. 1705.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Emergency loans

(a) The *House* bill amends section 321 of the Act to require individual applicants for emergency loans to own and operate (for loans for farm real estate purposes) or operate (for loans for farm operating purposes) not larger than family farms. In the case of entities (farm cooperatives, private domestic corporations and partnerships—including joint operations) to be eligible for emergency loans, the majority interest of the entity must be held by citizens who own and operate (for real estate loans) or operate (for operating loans) not larger than family farms. In the case of such entities in which a majority interest is held by individuals who are related by blood or marriage, such individuals must be either owners or operators of not larger than a family farm and at least one such individual must be an operator of not larger than a family farm. The family farm requirement applicable to entities is to apply as well to all farms in which the entity has an ownership or operator interest. (Sec. 1307(a).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment provides that no emergency loan may be made for production losses that could have been insured under the Federal Crop Insurance Act. The change made by this amendment does not affect those persons whose eligibility for a loan re-

sulted from damage to an annual crop planted before the date of enactment of the bill. (Sec. 1706 (a) and (f).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment providing that the ineligibility provision shall not apply to any annual crop planted or harvested before the end of 1986.

Further, the conferees intend that the Secretary of Agriculture not deny eligibility for Farmers Home Administration emergency disaster loans to producers who are prevented from planting a crop due to flood, drought, or natural disaster, notwithstanding the producer's eligibility for crop insurance under the Federal Crop Insurance Act.

Also, the conferees intend that the Secretary of Agriculture conduct a thorough review of the present method of establishing insurable crop yields under the Federal Crop Insurance Act. It is further the intent of the conferees that in counties which have been declared natural disaster areas in at least three of the past five years, the Secretary must offer producers at least one alternative method for computing crop yields—for crop insurance purposes—that may more accurately reflect the longer term historical productivity of that producer's crop land.

(c) The *Senate* amendment amends sections 321(b) and 324(b)(1) of the Act to repeal the authority of the Secretary of Agriculture to make emergency loans to applicants who are able to obtain credit elsewhere. (Secs. 1706 (a) and (c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* amendment deletes obsolete provisions from section 324 of the Act. (Sec. 1706(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) The *House* bill amends section 329 of the Act to require that eligibility for emergency loans based on production losses be determined without regard to the Secretary's failure to designate a county or counties for emergency loan purposes. (Sec. 1307(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(f) The *Senate* amendment amends section 329 of the Act to require the Secretary to make emergency loans based on production losses either (A) on the same criteria as under current law (that is that the applicant's operation has sustained at least a 30 percent loss of normal production or a lesser percent as determined by the Secretary) or (B) beginning with the 1985 crop of an agricultural commodity, if the applicant shows that a crop produced by the applicant under an established practice of double cropping has sustained at least a 50 percent loss of production (or a lesser percent as determined by the Secretary). (Sec. 1706(d).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(g) The *Senate* amendment repeals the authority to make subsequent annual production emergency loans found in section 330 of the Act. (Sec. 1706(e).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(13) Settlement of claims and homestead protection

(a) The *Senate* amendment revises section 331(d) of the Act to authorize the Secretary of Agriculture to compromise, adjust, reduce or charge-off claims, and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements made or administered by the Farmers Home Administration (FmHA) as circumstances may require to carry out the purposes of the Act. Borrowers or others obligated on a debt incurred under the Act may be released from personal liability with or without payment of consideration at the time of the claim settlement, subject to two limitations. The limitations are that no compromise or adjustment may be made (i) on terms more favorable than those recommended by the appropriate county committee, and (ii) after the claim has been referred to the Attorney General, unless the Attorney General approves. (Sec. 1707(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* amendment requires that the Secretary or the Administrator of the Small Business Administration, as applicable, must permit a borrower having an outstanding farm loan under the Act or the Small Business Act, as the case may be, to retain possession and occupancy of the borrower's principal residence plus up to 10 adjoining acres (including any farm buildings on such acreage) upon application by the borrower if (1) the Secretary or Administrator forecloses on property securing the loan, or (2) if the borrower declares bankruptcy or voluntarily liquidates to avoid bankruptcy or foreclosure. The total value of the homestead property retained cannot exceed $250,000, as determined by an independent appraisal made within 6 months of the borrower's retention application. The period of occupancy granted must be at least 3 years but not over 5 years. To qualify for homestead retention, the borrower must (A) apply within 3 years after enactment of the bill, (B) have exhausted all other debt restructuring or extension remedies, (C) have made gross annual farm sales of at least $40,000 in at least 2 of the years 1981 through 1985, (D) have received at least 60 percent of the borrower's annual income (including income earned by a spouse, if any) from farming in at least 2 of such 5 years, (E) have occupied the property during such 5-year period, (F) pay reasonable rent during occupancy, and (G) maintain the property in good condition.

Failure to timely pay rent on the homestead would be grounds to terminate the borrower's possession and occupancy. At the end of the occupancy period, the borrower has a first right of refusal to reacquire the homestead property, and the Secretary or SBA Administrator cannot demand total payment of principal that exceeds the total value of the homestead property. (Sec. 1707(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment which provides that the authority granted under this provision shall be discretionary with the Secretary. Further, the amount of adjoining land is modified to eliminate specifying ten acres and instead specifying that the borrower may retain a rea-

sonable amount of land. The amendment removes authority to include farm buildings located on such property. The provision for the value of such residence and property to total $250,000 is deleted. The value of such property shall be determined by an independent appraisal.

(c) The *Senate* amendment provides that, if a loan made under the Consolidated Farm and Rural Development Act is secured by the borrower's principal residence, the borrower defaults on the repayment of the loan, and the borrower is required to forfeit the residence to the Secretary or pay an amount equal to the borrower's equity in the residence; the appropriate State director of the Farmers Home Administration is authorized to make a loan to the borrower in accordance with the following:

(1) the borrower must be able to repay the new loan (as determined by the Secretary) and otherwise meet the eligibility requirements for a Farmers Home Administration real estate loan;

(2) the loan amount of the new loan may not exceed the lesser of (A) the equity the borrower has in the residence, or (B) the outstanding amount of principal and interest owed by the borrower on the loan in default;

(3) the interest rate on the new loan will be set by the Secretary, but cannot exceed the cost of borrowing to the government for the same term as the new loan, plus not to exceed 1 percent; and

(4) the repayment period for the new loan cannot exceed 25 years.

If the borrower makes all payments due on the new loan, the borrower cannot be made subject to an action to force repayment of the new loan or the loan in default. (Sec. 1721.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(14) Transfer of loan accounts

The *Senate* amendment requires the Secretary of Agriculture to permit an FmHA borrower to transfer, on a one-time basis and with the approval of the FmHA State Director, the borrower's loan accounts to a FmHA county office in an adjacent county. (Sec. 1708.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

The conferees note that the Secretary may, under existing authorities, permit FmHA borrowers to transfer their loan accounts to adjacent counties. It is the intent of the conferees that the Secretary consider allowing borrowers, who so request, to transfer their loan accounts.

(15) County committees

The *House* bill provides that two members of the three member FmHA county committees must be elected, from their number, by farm operators living in the area and one member be appointed by the Secretary of Agriculture. In selecting the appointed members, the Secretary must ensure that, to the greatest extend practicable, the committee is fairly representative of farmers in the county or area. Elected and appointed members will serve 3-year terms (shorter terms are provided for the initially elected members). As

provided for in current law, alternate members may be appointed and removed for cause. (Sec. 1308.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(16) Administration of farm real estate acquired by the Secretary

The *House* bill adds new provisions to the Act that override all other procedures in the Act for the disposition of property acquired by the Secretary of Agriculture under the Act. The new provisions prohibit the Secretary from selling acquired farmland (1) if placing the farmland on the market would have a detrimental effect on the value of farmland in the area or (2) in any State or portion thereof that is identified by the Secretary as having suffered a substantial reduction in the average value of farmland since 1980, until the State or portion thereof experiences a period of 12 consecutive months in which farmland values don't decrease. The Secretary must also offer to sell such farmland, to the maximum extend practicable, in tracts of a size suitable for family farms and to give priority in the sale of such land to the previous owner and to beginning farmers. The Secretary may not lease and operate such farmland for the production of surplus agricultural commodities, but must devote it to conserving uses, and likewise devote any land that is highly erodible to conserving uses.

To the extent such property is leased, leases must be offered on a competitive bid basis, giving priority to the previous owner, family farmers, and beginning farmers. Leases to previous owners can be made without regard to the restrictions imposed by the *House* bill, with priority in leasing to the previous owner. If the property is to be administered under a management contract, the contract must be let under a competitive bid system, giving preference to small businessmen in the area. Acreage allotments, marketing quotas, or assigned acreage bases are not to be adversely affected by compliance with these provisions. (Sec. 1310.)

The *Senate* amendment also adds new provisions to the Act to establish specified priorities for the disposition of farmland acquired by the Secretary. It sets as first priority the selling, and then the leasing, of such land to operators of not larger than family-size farms.

A lease with an option to purchase may also be used as a vehicle for the disposition of land. In leasing land, special consideration will be given to a previous owner or operator, providing that such owner or operator has the finances, management skills, and experience to be successful in a farming operation.

The land may be sold under an installment sales basis or similar device, and such a contract can be later sold by the Secretary. The sale price to operators of not larger than family-size farms has to reflect the average annual income that can reasonable be anticipated to be generated from farming the land. The Farmers Home Administration county committee by majority vote, will select an operator to purchase, or lease with the option to purchase, the land if two or more qualified operators of not larger than family-size farms want to so purchase or lease the land. The Secretary may prescribe regulations governing the procedures. The land must be subdivided into suitable tracts if, due to its size, it is not suitable

for sale or lease to an operator of not larger than a family-size farm.

Suitable farmland will be disposed of by advertising in at least one local newspaper and posting a notice at the local FmHA office. Specific conservation practices can be required on highly erodible farmland as a condition of its sale or lease. The provisions in the *Senate* amendment must be implemented within 90 days of enactment. (Sec. 1712.)

The *Conference* substitute adopts the *Senate* provision with an amendment specifying that if the farm real estate is to be administed under a management contract, the contract must be let under a competitive bid system, giving the preference to small businessmen in the area. Also, acreage allotments, marketing quotas, or assigned acreage bases are not to be adversely affected as a result of the operation of the provision. The amendment also specifics that the Secretary may not sell acquired farmland if putting such land on the market would have a detrimental effect on the value of farmland in the area.

(17) Farm debt restructure and conservation set-aside

(a) The *House* bill authorizes conservation, recreational, or wildlife easements to be acquired or retained by the Secretary of Agriculture for a period of not less than 50 years on land that is wetland, upland, highly erodible land, or marginal cropland, if the Secretary determined that such land is suitable for the easement involved. Such easements could be (i) retained by the Secretary on land in FmHA inventory or (ii) could be acquired on land securing a FmHA loan if the borrower involved is unable to repay the loan, and (iii) the land was row cropped in each of the 3 years preceding the date of enactment of the bill. Payment for an easement on land securing loans of the borrower would be through the cancellation of a portion of such loans. The portion of the loans to be cancelled is to the total amount of the outstanding loans as the number of acres subject to the easement is to the total number of acres of land securing such loans. (Sec. 1311.)

The *Senate* amendment is similar except (1) land securing FmHA loans must also be held by the Secretary and (2) lands on which easements may be acquired or retained are restricted to wetlands and highly erodible land. (Sec. 1641.)

The Conference substitute adopts the Senate provision with an amendment including "upland" in the provision and specifying that the rowcropping requirement of this provision does not apply to wetlands. The amendment further provides that the value of the debt cancelled shall not exceed the value of the land on which the easement is acquired.

(b) The *House* bill defines the term "highly erodible land" to mean land classified by the Soil Conservation Service as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the effective date of the bill. (Sec. 1311(b).)

The *Senate* amendment is similar, except it includes class IIIe land. (Sec. 1641.)

The *Conference* substitute adopts the *House* provision with an amendment conforming the definitions of "highly erodible land"

and "wetland" to the definitions adopted in the conservation title of the bill.

(c) The *House* bill provides that the term "recreational uses" includes hunting. (Sec. 1311(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill provides that the term "wetlands" has the meaning given that term in section 3 of the Water Bank Act. The Water Bank Act defines wetlands to mean (1) the inland fresh areas described as types 1 through 7 in Circular 39, Wetlands of the United States, published by the Department of the Interior (or the inland fresh areas corresponding to such types in any successor wetland classification system), (2) artificially developed inland fresh areas that meet the description of the inland fresh areas described in clause (1), and (3) such other wetland types as the Secretary may designate. (Sec. 1311(b).)

The *Senate* amendment defines the term "wetland" by reference to section 1601(a)(19) of the *Senate* amendment. Under that definition, wetland is an area, whether publicly or privately owned (including a swamp, marsh, bog, prairie pothole, or similar area) having a predominance of hydric soils that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances supports, the growth and regeneration of hydrophytic vegetation. (Sec. 1641.)

The *Conference* substitute adopts the *Senate* provision.

(e) The *Senate* amendment provides that any part of a loan cancelled under this provision shall not be included in income and shall not have any effect on any tax attributed to any taxpayer or property, for purposes of the Internal Revenue Code of 1954. (Sec. 1641(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(f) The *Senate* amendment would authorize the Secretary, for conservation purposes, to grant or sell to local or State governmental units or private nonprofit organizations easements, restrictions, and development rights on land in FmHA inventory separate from all other interests of the United States in the property. (Sec. 1712.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(18) Reauthorization

(a) *House* bill amends section 346 of the Act to provide authorization levels for fiscal years 1986, 1987, and 1988 as follows:

For farm real estate loans, $700,000,000 for FY 1986 ($650,000,000 for insured loans and $50,000,000 for guaranteed loans with authority to transfer 25 percent of these amounts between categories), and $700,000,000 for each of FY 1987 and 1988 (all for guaranteed loans);

For farm operating loans, $3,150,000,000 for each fiscal year ($2,500,000,000 for insured loans and $650,000,000 for guaranteed loans with authority to transfer 25 percent of these amounts between categories); and

For emergency loans, $1,300,000,000 in FY 1986, $700,000,000 in FY 1987, and $600,000,000 in FY 1988.

For fiscal years 1986, 1987, and 1988: $340,000,000 is authorized for insured water and waste disposal facility loans; $250,000,000 is authorized for industrial development loans; and $115,000,000 is authorized for insured community facility loans. (Sec. 1312.)

The *Senate* amendment provides that for each of fiscal years 1986, 1987, and 1988 farm real estate and farm operating loans are authorized in an aggregate amount of $4,000,000,000, of which at least $520,000,000 must be for farm ownership loans. The breakdown by fiscal year is as follows:

For FY 1986, $2,000,000,000 is authorized for insured loans and $2,000,000,000 is authorized for guaranteed loans, with not less than $260,000,000 of each amount reserved for farm ownership loans;

For FY 1987, $1,500,000,000 for insured loans, (of which not less than $195,000,000 is reserved for farm ownership loans) and $2,500,000,000 for guaranteed loans (of which not less than $325,000,000 for farm ownership loans); and

For FY 1988, $1,000,000,000 for insured loans (of which not less than $130,000,000 is reserved for farm ownership loans) and $3,000,000,000 for guaranteed loans (of which not less than $390,000,000 is reserved for farm ownership loans).

For each of these fiscal years the Secretary may transfer no more than 20 percent of the amount authorized for guaranteed loans to amounts authorized for insured loans.

Emergency loans are to be insured or guaranteed in such amounts as are necessary to meet needs resulting from natural disasters.

For each of the 3 fiscal years, the total amount authorized for guaranteed loans for ethanol production and distribution is established at $150,000,000.

For FY 1986, water and waste facility loans may be insured in the amount of $75,000,000. (Sec. 1715.)

The *Conference* substitute adopts the *Senate* provision with an amendment providing that authorization levels for the FmHA emergency disaster loan program shall be $1,300,000,000 for fiscal year 1986, $700,000 for fiscal year 1987, and $600,000,000 for fiscal year 1988. The amendment deletes the authorization levels for the Rural Development Insurance Fund contained in the *Senate* amendment and substitutes the *House* provision which provides that $340 million is authorized for the FmHA water and waste disposal loan program for fiscal years 1986, 1987, and 1988; $250,000,000 is authorized for industrial development loans for FY 1986, 1987, 1988; and $115,000 is authorized for insured community facility loans for FY 1986, 1987, 1988. Further, the amendment provides, in each fiscal year, that the Secretary may transfer up to 25 percent of the guaranteed loan account to the insured loan account.

(b) The *House* bill provides that, to the extent that their are sufficient applications from eligible farmers, not less than 25 percent of the funds (authorized in the bill) used for (1) insured farm ownership loans and (2) insured farm operating loans would be required to be made available to eligible low-income, limited resource borrowers. The Secretary would be required to inform in writing all

farm ownership and operating loan applicants of the availability of these loans and the nature of the program.

The *Senate* amendment would permanently require that 25 percent of insured farm ownership and operating loans made in any fiscal year must be made to eligible low income, limited resource borrowers.

The *Conference* substitute adopts the *Senate* amendment.

(19) Limitation on insured real estate loans

The *House* bill provides that, effective for fiscal years 1987 and 1988, no FmHA insured loans may be made for farm ownership purposes under the Act. (Sec. 1312.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(20) Administration of guaranteed farm loan programs

(a) The *House* bill requires that the FmHA guaranteed farm loan program under the Act be designed to be responsive to borrower and lender needs and to provide for partial loss claim payments prior to completion of the liquidation process. (Sec. 1313.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

(21) Use of talents of older Americans

The *House* bill authorizes the Secretary of Agriculture to make grants to or enter into cooperative agreements with private nonprofit organizations designated by the Secretary of Labor under the Older Americans Act to use the talents of older Americans in FmHA programs authorized under the Act. The Secretary of Agriculture has to first certify that the grant or agreement will not displace current employees of the agency, or cause someone to be employed over someone laid off from the same or very similar job or affect existing service contracts. Grant awards or agreements cannot be made unless funding is provided in advance in an appropriations Act. (Sec. 1313.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(22) Protection for purchasers of farm products

(a) the *House* bill provides that, notwithstanding any other provision of Federal, State, or local law, a buyer in the ordinary course of business who buys a farm product from a seller engaged in farming operations takes that product free of a security interest, even though the interest is perfected and the buyer knows of its existence, unless (1) the buyer, within the preceding year, has received written notice of the security interest and any payment obligation that is imposed on the buyer as a condition for waiver or release of the security interest and the buyer has failed to perform the payment obligation. Similar provisions also apply to commission merchants and selling agents who sell farm products for others. (Sec. 1314(d).)

The *Senate* amendment is essentially the same as the *House* provision, except that it exempts buyers of farm products produced in States having central systems for the recording of financial state-

ments from the general provisions explained in paragraph (a). In States having a central filing system, the buyer purchases the farm product subject to a lender's security interest if (1) the buyer did not register with the Secretary of State as a potential buyer of the class of farm products involved and the lender has filed an effective financing statement covering the product being sold, or (2) the buyer (i) received written notice from the Secretary of State that specifies both the seller and the specific farm product that is subject to an effective security interest and (ii) did not obtain waiver or release of the security interest from the secured party. Similar provisions apply to commission merchants and selling agents who sell farm products for others. (Sec. 1950 (b) through (d)).

(b) The *House* bill provides that a security agreement may require a seller of farm products to furnish the secured party with a list of the persons to whom the producer may sell his products. If the seller is required to furnish such a list of potential product purchasers and sells the farm product collateral to a person not included on the list, the seller can be fined up to $5,000. (Sec. 1314(f) and (g).)

The *Senate* amendment is similar to the House provision, except it also applies to commission merchants and selling agents and provides for a fine of $5,000, or 15 percent of the value of the products, whichever is greater. (Sec. 1950(e)(3).)

(c) The *House* bill provides that the farm product purchaser provisions will be effective 30 days after date of enactment, but exempts from these provisions for a period of 1 year those security interests created before the effective date. (Sec. 1314(h).)

The *Senate* amendment provides that the farm product purchaser provisions will be effective 12 months after date of enactment; or as to any State in which the legislature does not meet during the 12-month period, within such State 60 days after a sine die adjournment of the next session of the legislature of that State. All security interests that attach prior to the effective date of these provisions will be exempt from the provision for 1 year.

(d) The *House* bill defines the term "buyer in the ordinary course of business" as a person who (1) in the ordinary course of business buys farm products from a person engaged in farming operations who is in the business of selling farm products; and (2) buys the products in good faith without knowledge of the sale is in violation of the ownership rights of security interest of a third party. (Sec. 1314(c)(1).)

The *Senate* amendment defines the term "buyer in the ordinary course of business" as a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations. (Sec. 1950(a)(1).)

(e) The *House* bill defines the term "farm products" to mean crops or livestock used or produced in farming operations or products of crops or livestock in their unmanufactured state. (Sec. 1314(c)(2).)

The *Senate* amendment defines the term "farm product" to mean a specific agricultural commodity such as a type of crop or a species of livestock used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state. (Sec. 1950(a)(5).)

(f) The *Senate* amendment defines the terms "commission merchants", "central filing system", "effective financing statement", "selling agent", "State", "person", and "Secretary of State". (Sec. 1950(a)(2); (a)(4); and (a)(8)–(a)(11).)

The *House* bill contains no comparable provision.

(g) The *House* bill contains congressional findings that—

(1) certain State laws permit a secured lender to enforce the lender's lien against a purchaser of farm products even though the purchaser (i) does not know that the sale violates the lender's security interest, (ii) lacks any practical method for discovering the existence of the security interest, and (iii) has no reasonable means to ensure that the seller uses the sale proceeds to repay the lender; and

(2) these State laws subject the purchaser of farm products to double payment for the products, thus inhibiting free competition in the market for farm products and burdening and obstructing interstate commerce in farm products.

The purpose of the *House* provision is to remove this burden on and obstruction to interstate commerce in farm products. (Sec. 1314 (a) and (b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the text of the *House* and *Senate* provisions, and adopts the following new provision:

PROTECTION FOR PURCHASERS OF FARM PRODUCTS

SEC. 1324. (a) Congress finds that—

(1) certain State laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lender's security interest in the products, lacks any practical method for discovering the existence of the security interest, and has no reasonable means to ensure that the seller uses the sales proceeds to repay the lender;

(2) these laws subject the purchaser of farm products to double payment for the products, once at the time of purchase, and again when the seller fails to repay the lender;

(3) the exposure of purchasers of farm products to double payment inhibits free competition in the market for farm products; and

(4) this exposure constitutes a burden on and an obstruction to interstate commerce in farm products.

(b) The purpose of this section is to remove such burden on and obstruction to interstate commerce in farm products.

(c) For the purposes of this section—

(1) the term "buyer in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations who is in the business of selling farm products.

(2) the term "central filing system" means a system for filing effective financing statements or notice of such financing statements on a statewide basis and which has been certified by the Secretary of the United States Department of Agriculture; the Secretary shall certify such system if the system complies with

the requirements of this section; specifically under such system—

(A) effective financing statements or notice of such financing statements are filed with the office of the Secretary of State of a State.

(B) the Secretary of State records the date and hour of the filing of such statements;

(C) the Secretary of State compiles all such statements into a master list—

(i) organized according to farm products;

(ii) arranged within each such product—

(I) in alphabetical order according to the last name of the individual debtors, or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) in numerical order according to the social security number of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number of such debtors; and

(III) geographically by county or parish; and

(IV) by crop year;

(iii) containing the information referred to in paragraph (4)(D);

(D) the Secretary of State maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the Secretary of State, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the Secretary of State distributes regularly as prescribed by the State to each buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form of those portions of the master list described in paragraph (C) that cover the farm products in which such buyer, commission merchant, or selling agent has registered an interest;

(F) the Secretary of State furnishes to those who are not registered pursuant to (2)(D) of this section oral confirmation within 24 hours of any effective financing statement on request followed by written confirmation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term "commission merchant" means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term "effective financing statement" means a statement that—

(A) is an original or reproduced copy thereof;

(B) is signed and filed with the Secretary of State of a State by the secured party;

(C) is signed by the debtor;

(D) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable; and a reasonable description of the property, including county or parish in which the property is located;

(E) must be amended in writing, within 3 months, similarly signed and filed, to reflect material changes;

(F) remains effective for a period of 5 years from the date of filing, subject to extensions for additional periods of 5 years each by refiling or filing a continuation statement within 6 months before the expiration of the initial 5 year period;

(G) lapses on either the expiration of the effective period of the statement or the filing of a notice signed by the secured party that the statement has lapsed, whichever occurs first;

(H) is accompanied by the requisite filing fee set by the Secretary of State; and

(I) substantially complies with the requirements of this subparagraph even though it contains minor errors that are not seriously misleading.

(5) The term "farm product" means an agricultural commodity such as wheat, corn, soybeans, or a species of livestock such as cattle, hogs, sheep, horses, or poultry used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term "knows" or "knowledge" means actual knowledge.

(7) The term "security interest" means an interest in farm products that secures payment or performance of an obligation.

(8) The term "selling agent" means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term "person" means any individual, partnership corporation, trust, or any other business entity.

(11) The term "Secretary of State" means the Secretary of State or the designee of the State.

(d) Except as provided in subsection (e) and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though the security interest is perfected; and the buyer knows of the existence of such interest.

(e) A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) within 1 year before the sale of the farm products, the buyer has received from the secured party or the seller written notice of the security interest organized according to farm products that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, crop year, county or parish, and a reasonable description of the property and

(iii) must be amended in writing, within 3 months, similarly signed and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed by the secured party that the statement has lapsed, whichever, occurs first; and

(v) any payment obligations imposed on the buyer by the secured party as conditions for waiver or release of the security interest; and

(B) the buyer has failed to perform the payment obligations, or

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(B) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the Secretary of State of such State written notice as provided in subparagraph (c)(2)(E) or (c)(2)(F) that specifies both the seller and the farm product

being sold by such seller as being subject to an effective financing statement or notice; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise; and

(f) What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

(g)(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells, in the ordinary course of business, a farm product for others, shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or the seller written notice of the security interest; organized according to farm products, that—

(i) is an original or reproduced copy thereof;

(ii) contains,

(I) the name and address of the secured party;

(II) the name and address of the person indebted to the secured party;

(III) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue service taxpayer identification number of such debtor;

(IV) a description of the farm products subject to the security interest created by the debtor, including the amount of such products, where applicable, crop year, county or parish, and a reasonable description of the property, etc.; and

(iii) must be amended in writing, within 3 months, similarly signed and transmitted, to reflect material changes;

(iv) will lapse on either the expiration period of the statement or the transmission of a notice signed by the secured party that the statement has lapsed, whichever occurs first; and

(v) any payment obligations imposed on the commission merchant or selling agent by the secured party as conditions for waiver or release of the security interest; and

(B) the commission merchant or selling agent has failed to perform the payment obligations;

(C) in the case of a farm product produced in a State that has established a central filing system—

(i) the commission merchant or selling agent has failed to register with the Secretary of State of such State prior to the purchase of farm products; and

(ii) the secured party has filed an effective financing statement or notice that covers the farm products being sold; or

(D) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent—

(i) receives from the Secretary of State of such State written notice as provided in subsection (c)(2)(E) or (c)(2)(F) that specifies both the seller and the farm products being sold by such seller as being subject to an effective financing statement or notice; and

(ii) does not secure a waiver or release of the security interest specified in such effective financing statement or notice from the secured party by performing any payment obligation or otherwise.

(3) What constitutes receipt, as used in this section, shall be determined by the law of the State in which the buyer resides.

(h)(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined $5,000 or 15 per centum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

(i) The Secretary of Agriculture shall promulgate regulations not later than 90 days after the date of enactment of this Act, to aid states in the implementation and management of a central filing system.

(j) This section shall become effective 12 months after the date of enactment of this Act.

(23) Coordinated financial statements.

The *House* bill prohibits Farmers Home Administration from using or requiring the submission of coordinated financial statements referred to in proposed regulations published on November 8, 1983, or requiring any substantially similar document in connection with any farm loan application. This provision would affect those loan applications submitted on or after the date of enactment. (Sec. 1315.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment that specifies that the prohibition against using a "coordinated financial statement" only applies to the document referred to in proposed regulations published on November 8, 1983.

(24) Regulatory restraint resolution

The *House* bill makes various findings that high production costs and low commodity prices have subjected many agricultural producers to severe economic hardship through no fault of their own, making them unable to meet loan repayment schedules in a timely fashion and that a policy of adverse classification of agricultural loans by bank examiners will trigger a wave of foreclosures and similar actions by banks and thus depress land and equipment values and have a devastating effect on farmers, banks, and rural areas.

The *House* bill also provides that it is the sense of Congress that bank examiners exercise caution and restraint and consider not only farmers' current cash flow but also their loan collateral and ultimate repayment ability in evaluating farmers' loans. This consideration should be given as long as the adverse cost-price squeeze impairs farm borrowers' abilities to make scheduled loan payments. (Sec. 1316.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(25) Farm Credit Report

The *House* bill directs the President to prepare and submit to Congress before November 1, 1985, the President's findings and recommendations concerning the continued sound and efficient operation of the Farm Credit System. (Sec. 1317.)

The *Senate* amendment requires that the Chairman of the Board of Governors of the Federal Reserve System, in consultation with the Secretary of Agriculture and the Governor of the Farm Credit Administration, conduct a study of methods to ensure the availability of adequate credit for farmers on reasonable terms. The study must evaluate (1) the financial circumstances of lenders and borrowers of farm credit and (2) the structure, performance, and conduct of the Farm Credit System. The Chairman of the Board of Governors of the Federal Reserve System must make a report to the House and Senate agriculture committees containing the results of the study, together with any comments and recommendations for providing a sound and reasonable credit program, not later than 180 days.

The *Senate* amendment also requires the Governor of the Farm Credit Administration to conduct a study into the need for an insurance fund to be used to insure Farm Credit System institutions against loan losses, and for any other purpose that would help stabilize the System's financial condition and provide for protection of borrower capital. In conducting the study, the Governor must consider the advisability of using the revolving fund provided in section 4.1 of the Farm Credit Act to provide startup capital for the insurance fund and estimate the amount and level of future assessments on System institutions that would be necessary to ensure such fund's long-term liquidity. A report of the results of the study

must be submitted to the House and Senate agriculture committees within 180 days of the date of enactment of the bill. (Sec. 1718.)

The *Conference* substitute adopts the *Senate* provision with an amendment that deletes the requirement for the Chairman of the Board of Governors of the Federal Reserve System to conduct a study of agricultural credit. The amendment retains the *Senate* provision which requires the Farm Credit Administration to conduct a study into the need for an insurance fund to be used to insure Farm Credit System institutions against loan losses, and for any other purpose that would help stabilize the System's financial condition and provide for protection of borrower capital. In conducting the study, the FCA must consider the advisability of using the revolving fund provided in section 4.1 of the Farm Credit Act to provide startup capital for the insurance fund and estimate the amount and level of future assessments on System institutions that would be necessary to ensure such fund's long-term liquidity. A report of the results of the study must be submitted to the House and Senate agriculture committees within 180 days of the date of enactment of the bill.

(26) Continuation of small farmer training and technical assistance program

The *House* bill requires the Secretary of Agriculture to maintain the Farmers Home Administration small farmer training and technical assistance program at substantially current levels. (Sec. 1319.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment limiting the authorization for such program to fiscal years 1986, 1987, and 1988.

(27) Nonsupervised accounts

The *House* bill amends section 312 of the Act to require the Secretary of Agriculture to reserve at least 10 percent of the proceeds of any farm operating loan. Such proceeds are to be placed in a nonsupervised bank account for use at the borrower's discretion for necessary family living needs or for purposes not inconsistent with the previously agreed upon farm or ranch plans of operation. If this reserve is exhausted, the Secretary may review and adjust the plan with the borrower, and consider such action as loan rescheduling, extending more credit, using income proceeds to pay necessary farm, home and other expenses, or using additional available loan servicing. (Sec. 1320.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment restricting the amount of funds reserved to 10 percent of the amount of the loan or $5,000, whichever is less.

(28) Prompt application review and availability of loan proceeds

(a) The *House* bill adds a new section 333A to the Act to require the Secretary of Agriculture to: (1) approve or disapprove a completed application for a loan or loan guarantee under the Act and notify the applicant within 45 days after receipt of a completed application; and (2) inform the applicant who submits an incomplete application of the reasons why it is incomplete within 5 days after

receipt of the application. The Secretary is required to provide the loan funds to an insured loan applicant within 5 days of approval of the application, unless the applicant approves a longer period, or, if such funds are not available for such purpose, as soon as practicable, but no later than 5 days after sufficient funds become available. (Sec. 1321.)

The *Senate* amendment contains comparable provisions, except that the time periods are different. Instead of 45 days for action after receipt of an application, the *Senate* amendment requires action within 90 days. Instead of 5 days for notification regarding an incomplete application, the *Senate* amendment provides for a 20-day period. Instead of 5 days for the provision of loan funds to the borrower, the *Senate* amendment provides for 15 days. (Sec. 1710.)

The *Conference* substitute adopts the *Senate* provision with an amendment changing the period for action on an FmHA loan application from 90 to 60 days.

(b) The *House* bill provides that, if an application is disapproved initially but the decision is reversed or revised because of an administrative appeal or judicial action, the Secretary must act on the application within 5 days. If the Secretary fails to comply with the time deadlines for approved loans or loans guaranteed that are specified in the preceding sentence and in paragraph (a) above, the Secretary must reduce the interest payments on an insured loan, and make payments on behalf of the borrower on a loan that has been guaranteed to cover the interest accruing during the time the Secretary is not in compliance. The Secretary is required to inform all loan applicants of the requirements of new section 333A when the Secretary receives the applications. (Sec. 1321.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment changing the period for action after reversal of a decision from 5 to 15 days and deleting the provision that requires the Secretary to reduce interest payments on an insured loan and make payments on behalf of the borrower on a guaranteed loan if the Secretary fails to take action within the required 15 days.

(c) The *Senate* amendment requires the Secretary to ensure that a request for designation as an approved lender be reviewed and acted upon within 15 days of receipt of a lender's complete application for such status. (Sec. 1710.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* amendment directs the Secretary to use other Departmental personnel to aid FmHA in expeditiously processing applications, to have such personnel work overtime, if necessary, and to contract out for assistance (Secs. 1710 and 1948.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

The conferees urge the Secretary of Agriculture to give the highest priority to permit the continued use of temporary staff help in those local Farmers Home Administration offices where it is deemed necessary in order to deliver loan processing servicing, and other farm loan responsibilities on a timely basis to farmer-borrowers.

(29) Loan program appeals

(a) The *House* bill provides that the Secretary of Agriculture must provide FmHA borrowers and recipients of loan guarantees, and applicants for loans and guarantees, who have been directly and adversely affected by a decision of the Secretary under the Act with the right to (i) written notice, (ii) an opportunity for an informal meeting, and (iii) an opportunity for a hearing on the record with respect to the decision. (Sec. 1322.)

The *Senate* amendment contains a similar provision, except the amendment does not specify whether the hearing is on the record. (Sec. 1711.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill requires the Secretary to establish procedures for informal meetings between appellants and FmHA officials to discuss adverse decisions under the Act. The procedures must require that (1) such an informal meeting take place (unless waived) before the formal hearing may occur; (2) the informal meeting be completed within thirty days after the notice of the adverse decision; (3) the original decision maker be directly involved in the informal meeting; (4) waiver of the informal meeting if the appellant and official agree that it would not likely avoid a formal appeal; and (5) written notice to the appellant of any decision reached after the informal meeting and, if the decision is adverse, the reason therefor. Even if waiver of the informal meeting is agreed to, the appellant must be notified by the Secretary of the right to a formal hearing. The reconsidered decision by the Secretary becomes the record for purposes of appeal. (Sec. 1322.)

The *Senate* amendment requires that, if the appellant requests it, an informal meeting be held with the appellant prior to the start of any formal appeal, but the amendment does not specify any detailed procedure for such informal meetings. (Sec. 1711(a).)

The *Conference* substitute adopts the *Senate* provision.

(c) The *House* bill specifies a large number of particulars with regard to review by an administrative law judge, after the informal review process, of any decision adverse to the loan applicant or borrower, including procedures for holding hearings at FmHA offices, the scope of permissible evidence at the hearings, a requirement for tape recording of hearings, the scope of the administrative law judge's authority, requirements for the Secretary to publish the judge's decision, review of the decision on appeal, and abbreviated time periods for the issuance of opinions and the making of appeals. (Sec. 1322.)

The *Senate* amendment has no comparable provision.

The *Conference* substitute deletes the *House* provision.

(d) The *Senate* amendment provides that the Secretary must conduct a study of the administrative appeals procedure used in the FmHA farm loan programs. The Secretary must examine—

(1) the number and type of appeals initiated by loan applicants and borrowers;

(2) the extent to which initial administrative actions are reversed on appeal and the reasons that such actions are reversed, modified, or sustained on appeal;

(3) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;
(4) the quantity of time required to complete action on appeals and the reasons for delays;
(5) the feasibility of using administrative law judges in the appeals process; and
(6) the desirability of electing members of the Farmers Home Administration county committees.

The Secretary must submit a report of the results of this study to the *House* and *Senate* agriculture committees by September 1, 1986. (Sec. 1711(b).)

The *House* bill has no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(30) Family farm restriction

The *House* bill amends sections 302 and 311 of the Act to add specific language concerning the holders of the entire interest in an entity applying for a farm ownership or farm operating loan who are related by blood or marriage and who all are or will become farm operators. If each holder's ownership interest separately amounts to not larger than a family farm, then the entity qualified for a loan even if, taken together, the interests amount to larger than a family farm. (Sec. 1323.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(31) Release of normal income security

The *Senate* amendment provides that the Secretary of Agriculture must release from normal income security an amount of funds sufficient to pay a borrower's essential household and farm operating expenses. The Secretary need not release funds if the Secretary determines the loan should be accelerated. The amendment defines the term "normal income security" as it is defined in 7 CFR sec. 1962.17(b) (Jan. 1, 1985). (Note: 7 CFR sec. 1962.17(b) defines "normal income security" as all security not considered basic security, including crops, livestock, poultry, products, and other property that are sold in operating the farm. "Basic security" is defined by regulation as all equipment and foundation herds and flocks that serve as the basis for the farming operation.) (Sec. 1713.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(32) Loan summary statements

The *Senate* amendment amends section 337 of the Act to require, that, on the request of a borrower, the Secretary of Agriculture must furnish a loan summary statement to such borrower in connection with any loan insured under the Act that describes the status of each loan of the borrower during the summary period. The statement must set forth the details of each loan for the summary period, including the interest rate, outstanding principal due at the beginning of the period, amount of payments made during the period, amount due at the end of the period, allocation of payments (and the system used to make such allocation), total amount due on all loans at the end of the period, any delinquency, a sched-

ule of payments due, and the manner in which the borrower can obtain more information on the status of each loan. (Sec. 1714.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(33) Interest rate reduction program

Effective for the period from date of enactment until September 30, 1988, the *Senate* amendment adds a new section 350 to the Act. The new section requires the Secretary of Agriculture to establish an interest rate reduction program for loans guaranteed under the Act and to enter into contracts to carry out the program. The interest rate a borrower pays to the lender will be reduced if the borrower cannot obtain credit elsewhere, cannot make timely loan payments, and has a total estimated cash income during the 12 months that begin on the date the contract is entered into that will equal or exceed the total estimated cash expenses during the same period. The lender will have to reduce the annual interest rate by a minimum percentage specified in the contract (but would be free to reduce the interest rate further). The Secretary will then pay the lender up to 50 percent of the cost of reducing the interest rate, so long as these payments do not exceed the cost to the government of reducing the rate by more than 2 percent. The term of the interest rate reduction contract may not exceed the remaining loan term, or 3 years, whichever is shorter. The Agricultural Credit Insurance Fund may be used to carry out this program, and the total amount of funds used by the Secretary to implement it cannot exceed $490,000,000. (Sec. 1716.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(34) Study of farm and home plan

The *Senate* amendment requires that a study be made of the appropriateness of the farm and home plan used by FmHA in connection with loans made or insured under the Act. If, as a result of the study, the Secretary of Agriculture finds the plan form to be inappropriate, the Secretary must evaluate other alternative forms, the need to develop a new form, and specify the steps that should be taken to improve or replace the current form. The Secretary must report the results of this study to both the *House* and *Senate* agriculture committees no later than 120 days after the date of enactment of the bill. (Sec. 1717.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(35) Security for loans

The *Senate* amendment provides that, notwithstanding any other provision of the Consolidated Farm and Rural Development Act, to be eligible for a loan under such Act, a borrower must—

(1) provide only such security as the Secretary of Agriculture determines is necessary to secure the loan during its term;

(2) dispose of all real property that the Secretary determines is not essential to the operation of the borrower's enterprise;

(3) in the case of an operating loan for annual production of crops or livestock, pledge such crops or livestock and any other

property that the Secretary determines is necessary to secure the loan;

(4) in the case of a real estate loan, pledge real estate to secure such loan; and

(5) in the case of a loan secured by chattels whose loss would jeopardize the interests of the lender, insure such chattels against hazards customarily covered by insurance.

If the borrower provides security for a loan in the manner outlined in the preceding paragraph, the Secretary cannot require such borrower to pledge additional security as a condition of eligibility for the consolidation, rescheduling, reamotization or deferral of payment of such loan. (Sec. 1722.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(36) Extension of Credit to all Rural Utilities

The *Senate* amendment amends the Farm Credit Act of 1971 to expand the category of rural utilities eligible to borrow from the banks for cooperatives. Current law provides that, in order to be eligible to borrow from the banks for cooperatives, 60 percent of the voting control of a rural utility cooperative must be held by farmers, producers or harvesters of aquatic products, or other eligible cooperatives. Under the provision in the Senate amendment, such eligibility would be expanded to include cooperatives and other entities that have (1) received a loan, loan commitment, or loan guarantee from the Rural Electrification Administration, (2) received a loan or commitment from the Rural Telephone Bank, or (3) been certified by the Administrator of REA to be eligible for such a loan, loan commitment, to loan guarantee. In addition, subsidiaries of such cooperatives or other entities will be eligible to borrow from the banks for cooperatives. (Sec. 1719.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

TITLE XIV—AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING

(1) Short title

The *House* bill designates this title as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985". (Sec. 1401)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(2) Findings

The *House* bill revises the congressional findings set out in section 1402 (congressional findings) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (hereinafter referred to as the "1977 Act") to revise the findings by adding statements that—(a) it is critical that emerging agricultural-related technologies, economic changes, and sociological and environmental developments be analyzed on a continuing basis in an interdisciplinary fashion with respect to their effect on agriculture; (b) biotechnology guidelines and regulations must be made consistent throughout the Federal Government so that they promote scientific

development and protect the public, and the biotechnology risk assessment provisions used by Federal agencies must be standardized; and (c) expanded research programs in the uses of conservation and forest and range production practices is needed to develop more economical and effective management systems, and such efforts should include incorporating water and soil-saving technologies into current and evolving production practices; developing more cost-effective and practical conservation technologies; managing water in stressed environments, protecting the quality of the Nation's surface water and groundwater resources; establishing integrated organic farming research projects; developing better targeted pest management systems; and improving forest and range management technologies. The *House* bill also revises the current description of the need for increased efforts in the area of international food and agriculture by stressing the need for greater exchange of agricultural knowledge and information to improve food and agricultural progress, and for a dedicated effort by the Federal Government, the State cooperative institutions and other colleges and universities to expand international food and agricultural research, extension, and teaching programs. The *House* bill also makes technical changes to the text of section 1402. (Sec. 1402.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

(3) Responsibilities of the Secretary of Agriculture

(a) The *House* bill expands the responsibilities of the Secretary of Agriculture with respect to agricultural research, to include the coordination of efforts by the States, State cooperative institutions, State extension services, the Joint Council, the Advisory Board, and other appropriate institutions, in assessing and developing a plan for the effective transfer of new technologies, including biotechnology, to the farming community, with particular emphasis on addressing the unique problems of small and medium-sized farms in gaining information about these technologies. (Sec. 1404.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment deletes the existing requirement that the Secretary develop in conjunction with others a long-term needs assessment for food, fiber, and forest products and determine the research requirements necessary to meet such needs. (Sec. 1503.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* amendment makes it the responsibility of the Secretary to establish appropriate controls with respect to the development and use of the application of biotechnology to agriculture. (Sec. 1503.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) Joint Council on Food and Agricultural Sciences

(a) The *House* bill extends the term of the Joint Council on Food and Agricultural Sciences to September 30, 1990. (Sec. 1405(a).)

The *Senate* amendment extends the term to September 30, 1989. (Sec. 1504(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill adds to the duties of the Joint Council responsibility for coordinating with the Secretary of Agriculture in assessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community. (Sec. 1405(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *Senate* amendment provides that the Secretary shall appoint two of the members of the Joint Council from among distinguished persons who are food technologists from accredited or certified departments of food technology to ensure that the views of food technologists are considered by the Joint Council. (Sec. 1504(b).)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to change the number of food technologists appointed to the Joint Council from 2 to 1.

(5) National Agricultural Research and Extension Users Advisory Board

(a) The *House* bill extends the term of the National Agricultural Research and Extension Users Advisory Board to September 30, 1990. (Sec. 1406(a).)

The *Senate* amendment extends the term of the Advisory Board to September 30, 1989. (Sec. 1505(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment increases the membership of the Advisory Board from 25 to 27 by adding 2 members who are food technologists from accredited or certified departments of food technology, as determined by the Secretary of Agriculture. (Sec. 1505(b).)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(c) The *House* bill adds to the duties of the Advisory Board responsibility for coordinating with the Secretary in asssessing the current status of, and developing a plan for, the effective transfer of new technologies to the farming community. (Sec. 1406(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(d) The *Senate* amendment deletes the requirement that the Advisory Board submit a report, not later than February 20 of each year, to the President and the *Senate* and *House* agriculture and appropriations committee on the Advisory Board's appraisal of the President's proposed budget for the food and agricultrural sciences for the fiscal year beginning in such year, and provides that such appraisal of the proposed budget of the President be included in the Advisory Board's annual July 1 statement, to the Secretary, of recommendations on federally supported agricultural research and extension programs. Further, it requires the Secretary to furnish copies of the July 1 statement and appraisal to the *Senate* and *House* agriculture and appropriations committees. (Sec. 1505(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(6) Project termination

The *House* bill requires that in the event a research project being conducted by the Agricultural Research Service is proposed to be terminated, written notice of such intended action must be given to the *House* and *Senate* agriculture committees at least 15 days prior to the date of the proposed termination of the project. (Sec. 1407.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(7) Federal-State partnership

(a) The *House* bill adds a new subsection to section 1409A of the 1977 Act, which addresses the Federal-State research, extension, and teaching partnership. The new subsection provides that in order to promote research for purposes of developing agricultural policy alternatives, the Secretary of Agriculture must designate at least one State cooperative institution to conduct research in an interdisciplinary fashion and to report on a regular basis with respect to the effect of emerging technological, economic, sociological, and environmental developments on the structure of agriculture. The *House* bill also provides that support for this effort should include grants to examine the role of various food production, processing, and distribution systems that may primarily benefit small and medium-sized family farms, such as diversified farm plans, energy, water, and soil conservation technologies, direct and cooperative marketing, production and processing cooperatives, and rural community resource management. (Sec. 1408(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to encourage (instead of require) the Secretary to designate at least one State Cooperative institution.

(b) The *House* bill adds an additional new subsection to section 1409A that provides that in order to address more effectively the critical need for reducing farm input costs, improving soil, water, and energy conservation on farms and in rural areas, using sustainable agricultural methods, adopting alternative processing and marketing systems, and encouraging rural resources management, the Secretary must designate at least one State agricultural experiment station and one Agricultural Research Service facility to examine these issues in an integrated and comprehensive manner, while conducting ongoing pilot projects contributing additional research through the Federal-State partnership. (Sec. 1408(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to encourage (instead of require) the Secretary to designate at least one State agricultural experiment station and one agricultural research service facility.

(8) Competitive, special and facilities research grants

(a) The *House* bill broadens the definition of "high priority research" for purposes of awarding competitive research grants under section 2(b) of the Act of August 4, 1965, (A) to include research that emphasizes biotechnology in the development of new and innovative products, methods and technologies that increase

agricultural and forest production, and (B) to include interdisciplinary agricultural research on the effect of emerging technologies, economic changes, and sociological and environmental developments on the structure of agriculture. (Sec. 1410(a)(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete purpose "(B)".

(b) The *Senate* amendment adds research to develop new and alternative industrial uses for agricultural crops to the definition of "high priority research". (Sec. 1508(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *House* bill provides for a restriction prohibiting competitive research or special research grants from being made, (A) to renovate or refurbish research spaces in buildings or the acquisition of fixed equipment or (B) for the planning, repair, rehabilitation, acquisition, or construction of a building or a facility. (Sec. 1410(a)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill, effective October 1, 1985, extends the authorization for appropriations for competitive research grants under the Act in such sums as may be necessary for each of the fiscal years 1986 through 1990. (Sec. 1410(b)(3).)

The *Senate* amendment extends the authorization for appropriations for competitive research grants at a level of $70,000,000 for each of the fiscal years 1986 through 1989. (Sec. 1508(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment to extend the authorization for appropriations at the stated level through fiscal year 1990.

(e) The *House* bill requires the Secretary of Agriculture to retain 4 percent of the amount appropriated each fiscal year for competitive grants to pay administrative costs incurred by the Secretary in carrying out the competitive research grants program. (Sec. 1410(b)(3).)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to authorize (instead of require) the Secretary to retain 4 percent of the appropriated amounts.

(f) The *House* bill requires the Secretary to retain 4 percent of the amount appropriated each fiscal year for special research grants to pay administrative costs incurred by the Secretary in carrying out the special research grants program. (Sec. 1410(a)(5).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to authorize (instead of require) the Secretary to retain 4 percent of appropriated amounts.

(9) Grants for schools of veterinary medicine

The *Senate* amendment increases from 4 to 5 percent the percentage of funds appropriated for grants to States to establish or expand schools of veterinary medicine that would be retained by the Secretary of Agriculture for administration, program assistance, and program coordination. (Sec. 1509.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(10) Research facilities

(a) The *Senate* amendment provides that grants under the Research Facilities Act be on a matching funds basis. (Sec. 1411(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill, effective October 1, 1985, extends the authorization for appropriations for grants to eligible institutions under the Research Facilities Act at a level of $20,000,000 for each of the fiscal years 1986 through 1990. (Sec. 1411(d)(1).)

The *Senate* amendment extends the authorization for appropriations for grants to eligible institutions at a level of $31,000,000 for each of the fiscal years 1986 through 1989. (Sec. 1510(d).)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill amends section 4(b) of the Research Facilities Act to repeal the current allocation formula and to require 50 percent matching of grant funds under the research facilities program (Sec. 1411(d)(2).)

The *Senate* amendment deletes section 4(b), but adds to section 4(a) a provision that the amount of the non-Federal share required for a matching grant under the Facilities Act be determined by the Secretary. (Sec. 1510(d).)

The *Conference* substitute adopts the *House* provision with an amendment to delete reference to a specific 50 percent matching requirement. Matching would still be required but at a level determined by the Secretary.

(d) The *Senate* amendment also deletes reference in section 5 of the Research Facilities Act to the requirement that the Secretary provide for a coordinated research program among eligible institutions in each State having more than one eligible institution. (Sec. 1510(f).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(e) The *House* bill repeals the provisions of section 8 of the Research Facilities Act concerning the allocation of funds. (Sec. 1411(h).)

The *Senate* amendment makes conforming amendments to section 8 of the Research Facilities Act by deleting references to the allocation of funds. (Sec. 1510(i).)

The *Conference* substitute adopts the *House* provision.

(f) The *House* bill amends section 10(3) of the Research Facilities Act to provide that the Secretary is required to report to Congress annually concerning those eligible institutions, if any, that were prevented, because of failure to repay funds as required under the Act, from receiving any grant under the Act. (Sec. 1411(j).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(g) The *House* bill will statutorily designate the Act as the "Research Facilities Act." (Sec. 1410(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(11) Grants and fellowships for food and agricultural sciences education

(a) The *House* bill, effective October 1, 1985, extend the authorization for appropriations for grants and fellowships for food and agricultural sciences education in such amounts as may be necessary for each of the fiscal years 1986 through 1990. (Sec. 1412(b).)

The *Senate* amendment extends the authorization for appropriations for the grants and fellowships at a level of $50,000,000 for each of the fiscal years 1986 through 1989. (Sec. 1511(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment to extends the authorization for appropriations at the stated level through fiscal year 1990.

(b) The *House* bill exempts panels that review applications for grants, from the provisions of the Federal Advisory Committee Act and related provisions of the 1977 Act. (Sec. 1412(c)).

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(12) Animal health and disease research

(a) The *House* bill extends the term of the Animal Health Science Research Advisory Board to September 30, 1990. (Sec. 1415.)

The *Senate* amendment extends the term of the Advisory Board to September 30, 1989. (Sec. 1513(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill extends the authorization for appropriations for continuing animal health and disease research programs at the current level of $25,000,000 annually for the years, 1986 through 1990. (Sec. 1416.)

The *Senate* amendment extends such annual authorization for years 1986 through 1989. (Sec. 1513 (b).)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill extends the authorization for appropriations for research on national or regional animal health or disease problems at the current level of $35,000,000 annually through September 30, 1990. (Sec. 1417.)

The *Senate* amendment extends such annual authorization through September 30, 1989. (Sec. 1513(c).)

The *Conference* substitute adopts the *House* provision.

(13) Extension at 1890 Land-Grant colleges, including Tuskegee Institution

The *House* bill amends section 1444 of the 1977 Act by extending indefinitely the requirement that an amount not less than 6 percent of the total appropriations for each year under the Smith-Lever Act be appropriated for extension at 1890 land-grant colleges, including the Tuskegee Institute. The *House* bill also requires that an amount not less than 6 percent of the total amounts appropriated under related acts pertaining to cooperative extension work at the land-grant institutions identified in the Act of May 8, 1914, be appropriated for extension at 1890 land-grant colleges, including the Tuskegee Institute. (Sec. 1418.)

The *Senate* amendment extends through fiscal year 1989 the requirement that an amount not less than 6 percent of the total ap-

propriations for each year under the Smith-Lever Act be appropriated for extension at 1890 land-grant colleges, including the Tuskegee Institute. (Sec. 1514(a).)

The *Conference* substitute adopts the *House* provision.

(14) Grants to upgrade 1890 Land-Grant College extension facilities

The *House* bill declares the intent of Congress to assist the 1890 land-grant colleges, including Tuskegee Institute, in the acquisition and improvement of extension facilities and equipment so that eligible institutions may participate fully with the State cooperative extension services in a balanced way in meeting the extension needs of the people of their respective States. The *House* bill authorizes to be appropriated, for the grant program under this provision, $10 million for each of the fiscal years 1986 through 1990, such sums to remain available until expended. Four percent of the sums appropriated would be available to the Secretary of Agriculture for administration of the grants program under this provision and the remainder would be available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings, to provide adequate facilities to conduct extension work in their respective States. Grants would be made in such amounts and under such terms as the Secretary determines necessary. Federal funds provided under this provision would not be used for the payment of any overhead costs of the eligible institution. (Sec. 1419.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(15) Research at 1890 Land-Grant Colleges, including Tuskegee Institute

The *House* bill amends section 1445(g)(2) of the 1977 Act, which authorizes appropriations to support agricultural research at 1890 land-grant colleges, including the Tuskegee Institute, to provide that whenever it appears to the Secretary of Agriculture, from the annual statement of receipts and expenditures of funds by any eligible institution, that an amount in excess of 5 percent of the preceding annual appropriation allotted to that institution under that section remains unexpended, such amount in excess of 5 percent of the preceding annual appropriation allotted to that institution would be deducted from the next succeeding annual allotment to the institution. (Sec. 1420(2).)

The *Senate* amendment provides that no more than 5 percent of the funds received by an institution under section 1445 of the 1977 Act in any fiscal year may be carried forward to the succeeding fiscal year. (Sec. 1514(b).)

The *Conference* substitute adopts the *House* provision.

(16) Agricultural information exchange with Ireland

The *House* bill requires the Secretary of Agriculture to undertake discussions with the Government of Ireland that may lead to an agreement that will provide for the development of a program between the United States and Ireland whereby there will be a greater exchange of agricultural scientific and educational informa-

tion and personnel, the fostering of joint investment ventures, cooperative research, and the expansion of United States trade with Ireland. The *House* bill requires the Secretary to periodically report to the House and Senate committees on agriculture on the progress and accomplishments with regard to the development of the program. (Sec. 1423.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(17) Evaluation of the Extension Service and the Cooperative Extension Services

The *House* bill repeals section 1459 of the 1977 Act which required the Secretary of Agriculture to report to Congress not later than March 31, 1979, an evaluation of the Extension Service and the cooperative extension services. (Sec. 1424.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(18) Authorization of appropriations for certain agricultural research programs

(a) The *House* bill amends section 1463(a) of the 1977 Act to extend the authorization for appropriations for agricultural research programs, with certain exceptions, at the level of $600,000,000 for fiscal year 1986, $610,000,000 for fiscal year 1987, $620,000,000 for fiscal year 1988, $630,000,000 for fiscal year 1989, and $640,000,000 for fiscal year 1990. (Sec. 1428(a).)

The *Senate* amendment extends the authorization for appropriations at the level of $890,000,000 for each of the fiscal years 1986–1989 and provides that not less than $500,000 of such amounts would be made available each fiscal year for research to control or eradicate Africanized honey bees. (Sec. 1517(a).)

The *Conference* substitue adopts the *House* provision. The conferees encourage the Secretary of Agriculture to provide adequate funding each fiscal year for research to control or eradicate Africanized honey bees.

(b) The *House* bill amends section 1463(b) of the 1977 Act to extend the authorization for appropriations for agricultural research at State agricultural experiment stations at the level of $270,000,000 for fiscal year 1986, $280,000,000 for fiscal year 1987, $290,000,000 for fiscal year 1988, $300,000,000 for fiscal year 1989, and $310,000,000 for fiscal year 1990. (Sec. 1428(b).)

The *Senate* amendment extends the authorization for appropriations at the level of $300,000,000 for each of the fiscal years 1986 through 1989. (Sec. 1517(b).)

The *Conference* substitute adopts the *House* provision.

(19) Authorization for appropriations for extension education

The *House* bill amends section 1464 of the 1977 Act to extend the authorization for appropriations for certain agricultural extension programs at the level of $350,000,000 for fiscal year 1986, $360,000,000 for fiscal year 1987, $380,000,000 for fiscal year 1988, $400,000,000 for fiscal year 1989, and $420,000,000 for fiscal year 1990. (Sec. 1429.)

The *Senate* amendment amends section 1464 of the 1977 Act by consolidating all existing authorizations for appropriations for extension and related programs adminsitered or funded through the Extension Service and authorizing $380,000,000 for each of the fiscal years 1986 through 1989 for such programs. (Sec. 1518.)

The *Conference* substitute adopts the *House* provision with an amendment to change the program levels as follows: $370,000,000 for fiscal year 1986; $380,000,100 for fiscal year 1987; and $390,000,000 for fiscal year 1988. The levels of $400,000,000 for fiscal year 1989; and $420,000,000 for fiscal year 1990 would remain unchanged.

(20) Contracts, grants and cooperative agreements

The *House* bill provides that, with respect to the provision in the *House* bill and in the *Senate* amendment that any Federal agency may participate in any cooperative agreement relating to agricultural research, extension, or teaching by contributing funds through the appropriate agency of the Department of Agriculture, or otherwise when, such participation would be based on a mutual agreement that the objectives of the agreement will further the authorized programs of the contributing agency. (Sec. 1430.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(21) Restriction on treatment of indirect costs and tuition remission

The *House* bill amends section 1473 of the 1977 Act to permit the reimbursement of indirect costs in connection with cooperative agreements between the Secretary of Agriculture and State cooperative institutions when such agreements are funded under the provisions of the Foreign Assistance Act of 1961. The amount of indirect costs to be reimbursed would be negotiated on a case-by-case basis. (Sec. 1431.)

The *Senate* amendment amends section 1473 of the 1977 Act to provide that the prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary, or to funds provided by a Federal agency for such purpose. The Secretary would limit the amount of the reimbursement to an amount necessary to carry out the program or agreement. (Sec. 1520.)

The *Conference* substitute adopts the *Senate* provision.

(22) Cost-reimbursement agreements

The *Senate* amendment authorizes the Secretary of Agriculture to enter into cost-reimbursable agreements with State cooperative institutions without regard to any requirement for competition, for the acquisition of goods or services, including personal services, to carry out agricultural research, extension, or teaching activities of mutual interest. Reimbursable costs under the agreements would include the actual direct costs of performance, as mutually agreed on by the parties, and the indirect costs of performance, not exceeding 10 percent of the direct cost. (Sec. 1520A.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(23) Technology development for small- and medium-sized farming operations

The *House* bill expresses the sense of Congress that the agricultural research, extension, and teaching activities conducted by the Department of Agriculture relating to the development, application, transfer, or delivery of agricultural technology, and, to the greatest extent practicable, any funding received by the Department of Agriculture for these activities, should be directed to technology that can be used effectively by small and medium-sized farming operations. (Sec. 1432(a).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(24) Special technology development research program

The *Senate* amendment contains certain funding provisions relating to the provisions in both the *House* bill (Sec. 1432) and *Senate* amendment (Sec. 1521) for cooperative agreements with private agencies, organizations and individuals to share the cost of research projects, or to allow the use of Federal facilities and services on a cost-sharing or cost-reimbursable basis, to develop new agricultural technology to further the research programs of the Department of Agriculture. The *Senate* amendment provides that beginning in fiscal year 1986 and extending through fiscal year 1989, not more than $3,000,000 of the funds appropriated to the Agricultural Research Service for each fiscal year may be used to carry out these agreements. The *Senate* amendment also requires cooperators under this provision to contribute matching funds from non-Federal sources in an amount equal to at least 50 percent of any Federal contribution; and limits the amount of funds or in kind assistance made available by the Secretary of Agriculture under this provision for a particular research project to $50,000 in any fiscal year or a total amount of $150,000.

The *Conference* substitute adopts the *Senate* provision.

(25) Supplemental and alternative crops

The *House* bill amends the 1977 Act to add a new section 1437C that requires the Secretary of Agriculture in fiscal years 1987 through 1989 to develop and implement a research and pilot project program for the development of supplemental and alternative crops, using such funds as are appropriated to the Secretary each fiscal year under the 1977 Act in order to assist producers of agricultural commodities whose livelihoods are threatened by the decline in demand of certain of their crops due to changes in consumption patterns or other related causes. The Secretary would use such research funding, special or competitive grants, or other means, as the Secretary determines, to further the purposes of this provision in the implementation of a comprehensive and integrated program.

The pilot program would include agreements, grants, and other arrangements to conduct comprehensive resource and infrastructure assessments, to develop and introduce supplemental and alternative income-producing crops, to develop and expand domestic and export markets for such crops, and to provide technical assistance

to farm owners and operators, marketing cooperatives, and others. The Secretary would use the expertise and resources of the Agriculture Research Service, the Cooperative State Research Service, the Extension Service, and the land-grant colleges and universities for the purpose of carrying out this provision. (Sec. 1431.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(26) Aquaculture assistance programs

(a) The *House* bill amends section 1475 of the 1977 Act to include nonprofit private research institutions as eligible institutions to participate in aquaculture assistance programs under section 1475. The *House* bill also provides that with respect to State matching grants under section 1475(b), no more than 50 percent of the matching grant may be an in-kind contribution. In addition, the *House* bill expands the eligibility for aquaculture research, development, and demonstration centers under section 1475 to include State agricultural experiment stations, colleges and universities with aquacultural research capacity, and nonprofit private research institutions.

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill provides that funds authorized under this section may be used for the acquisition or rehabilitation of existing buildings or facilities, or new construction to house aquaculture centers but limits the authorization for any one new building or facility to no more then $250,000.

The *Senate* amendment contains no comparable provision.

The *Conference* amendment deletes the *House* provision.

(c) The *House* bill provides that, to the extent practicable, aquaculture centers established under section 1475(b) would be geographically located so that they are representative of the regional aquaculture opportunities in the United States.

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill provides that the annual report of the Secretary on the aquaculture assistance programs would be submitted to the *House* Committee on Merchant Marine and Fisheries in addition to the President and certain other congressional committees. (Sec. 1434.)

The *Senate* amendment amends section 1475 of the 1977 Act to delete the requirement that the Secretary submit an annual report to the President and certain congressional committees on the aquaculture assistance programs. (Sec. 1522(a).)

The *Conference* substitute adopts the *House* provision.

(27) Aquaculture Advisory Board

The *House* bill amends section 1476(a) of the 1977 Act to extend the term of the Aquaculture Advisory Board through September 30, 1990. (Sec. 1435.)

The *Senate* amendment repeals section 1476 of the 1977 Act (Sec. 1522(b).)

The *Conference* substitute adopts the *Senate* provision.

(28) Authorization of appropriations—aquaculture research

(a) The *House* bill extends the authorization for appropriations for aquaculture assistance programs at $7,500,000 for each of the fiscal years 1986 through 1990. (Sec. 1436(a).)

(a) The *Senate* amendment extends the authorization for appropriations at $7,500,000 for each of the fiscal years 1986 through 1989. (Sec. 1522(c).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill amends section 1477(b) of the 1977 Act by deleting the requirement that funds so appropriated be allocated by the Secretary of Agriculture for work to be done as mutually agreed upon between the Secretary and the recipient institutions. (Sec. 1436(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *Senate* amendment amends section 1477(b) of the 1977 Act by deleting the requirement that the Secretary consult with the Aquaculture Advisory Board in developing plans for the use of such funds. (Sec. 1522(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(29) Rangeland Research Advisory Board

The *House* bill extends the term of the Rangeland Research Advisory Board to September 30, 1990. (Sec. 1437.)

The *Senate* amendment extends the term to September 30, 1989. (Sec. 1523(a).)

The *Conference* substitute adopts the *House* provision.

(30) Authorization of appropriations—rangeland research

The House bill extends the authorization for appropriations for rangeland research at the level of $10,000,000 annually through September 30, 1990. (Sec. 1438.)

The *Senate* amendment extends the authorization for appropriations at the level of $10,000,000 annually through September 30, 1989. (Sec. 1523.)

The Conference substitute adopts the House provision.

(31) Authorization of appropriations for Federal agricultural research facilities

The *House* bill authorizes appropriations for fiscal year 1988 and for each succeeding fiscal year in such sums as may be necessary for the planning, construction, acquisition, alteration, and repair of buildings and other public improvements, including the cost of acquiring or obtaining rights to use land of or used by the Agricultural Research Service, provided that the cost of planning any one facility may not exceed $500,000 and that the total cost of any one facility may not exceed $5 million. The House bill provides that not later than 60 days after the end of each of the fiscal years 1986 through 1990, the Secretary of Agriculture is required to report to the House and Senate Agriculture Committees on the location of each facility planned, constructed, acquired, repaired, or remodeled with funds appropriated under this provision in the fiscal year in-

volved, and with respect to each building, laboratory, research facility and improvement, the amount of the funds obligated and expended in the fiscal year for each item. (Sec. 1439.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(32) Dairy goat research

The *House* bill amends section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981, effective October 1, 1985, to require the Secretary of Agriculture to make a grant of funds to an 1890 land-grant college, including the Tuskegee Institute, for dairy goat research for each of the fiscal years 1986 through 1990. (Sec. 1440.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(33) Grants to upgrade 1890 Land-Grant College research facilities

The *House* bill extends the authorization for appropriations for grants to upgrade 1890 land-grant college research facilities at the level of $10,000,000 for the fiscal year 1987. (Sec. 1441.)

The *Senate* amendment extends the authorization for appropriations at the level of $10,000,000 for each of the fiscal years 1986 through 1989. (Sec. 1524(b).)

The *Conference* substitute adopts the *House* provision.

(34) Smith-Lever Act

(a) The *House* bill amends section 2 of the Smith-Lever Act to provide that cooperative extension work would consist of the development of practical applications of research knowledge and the giving of instruction and practical demonstration of existing or improved practices or technologies in agriculture, the use of solar energy in agriculture, home economics, and rural energy. (Sec. 1443.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill amends section 3 of the Smith-Lever Act, to add a new provision to authorize the Secretary of Agriculture to conduct educational, instructional, demonstration, and publication distribution programs through the Extension Service, and to enter into cooperative agreements with private industry and individuals to share the cost, through private contributions, of funding such program. The *House* bill also provides that the Secretary may receive contributions from private sources for such purposes and may provide matching funds in an amount not greater than 50 percent of the contributions. No more than one-half of 1 percent of the funds appropriated to the Extension Service for each of the fiscal years 1986 through 1991 may be used to provide matching funds for this provision. The Secretary would be required to report to the House and Senate agriculture committees, within 1 year after enactment of the bill, on the progress of such programs and to make recommendations regarding how other similar private sector initiatives could be used by the Extension Service. (Sec. 1443.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete (1) the requirement that no more than one-half of 1 percent of the funds appropriated to the Extension Service for each of the fiscal years 1986 through 1991 to be used to provide matching funds, and (2) the requirement that the Secretary report to the House and Senate Agriculture Committees.

(c) The *House* bill also requires the Secretary to conduct a study to determine if the funds appropriated after the date of enactment of the bill to carry out the Smith-Lever Act (except for the disadvantaged farmer program under section 8 of that Act) in excess of the aggregate amount so appropriated in fiscal year 1985 can be allocated more effectively among the States. The Secretary would be required to report to the House and Senate agriculture committees within one year after enactment of the bill on the results of the study and make recommendations regarding the allocation of these funds. (Sec. 1443.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(35) Market expansion research

(a) The *House* bill requires the Secretary of Agriculture, using available funds, to increase or intensify Department of Agriculture programs to develop technology to overcome barriers to expanded export sales of U.S. agricultural commodities and products. (Sec. 1129.)

The *Senate* amendment contains a comparable provision except that it does not contain the limitation regarding available funds. (Sec. 1526(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment requires the Secretary of Agriculture to carry out a research and development program to formulate new uses for farm or forest products, including industrial, new, and value-added products. The program would be carried out through grants, cooperative agreements, contracts, and interagency agreements. Appropriations to carry out the program would be authorized, and funds could be transferred from other accounts for use by the program. The Secretary of Agriculture would be required to use at least $10 million annually, in fiscal years 1986 through 1989, for the program. The Federal share of each project funded under this provision could not exceed 50 percent of the cost of the project. (Sec. 1526(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that not less than $10,000,000 of funds would be used by the Secretary to carry out the program provided sufficient matching fund requests were made.

(36) Pesticide resistence study

The *House* bill requires the Secretary of Agriculture to conduct a 1-year study on the detection and management of pesticide resistence and report on the study to the President and Congress. The study would include (a) a review of existing efforts to examine and identify the mechanisms, genetics, and ecological dynamics of target populations of insect and plant pests developing resistence to

pesticides, and existing efforts to monitor current and historical patterns of pesticide resistence; and (b) a strategy for the establishment of a national pesticide resistence monitoring program involving Federal, State, and local agencies, as well as the private sector. (Sec. 1444.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to encourage (instead of require) the Secretary to conduct the study.

(37) Expansion of education study

The *Senate* amendment requires the Secretary of Agriculture and the Secretary of Education to take such joint action as may be necessary to expand the scope of the Study of Agriculture Education on the Secondary Level, currently being conducted by the National Academy of Sciences and sponsored jointly by the Departments of Agriculture and Education to include (A) a study of the potential use of modern technology in the teaching of agriculture programs at the secondary school level; and (B) recommendations of the National Academy of Sciences on how modern technology can be most effectively utilized in the teaching of agricultural programs at the secondary school level. Any increase in the cost of conducting the study as a result of expanding the scope of the study would be borne by the Secretary of Agriculture out of funds appropriated to the Department of Agriculture for research and education or from funds made available to the National Academy of Sciences from private sources. (Sec. 1527.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to authorize (instead of require) the Secretaries of Agriculture and Education to expand the education study.

(38) Critical agricultural materials

The *Senate* amendment amends section 5(b)(9) of the Critical Agricultural Materials Act to require the Secretary of Agriculture to carry out demonstration projects to promote the development or commercialization of native agricultural crops that would supply critical agricultural materials for strategic and industrial purposes (including projects designed to expand domestic or foreign markets for such crops). In carrying out the demonstration projects the Secretary would be authorized to (1) enter into a contract or cooperative agreement with, or provide a grant to, any person, or public or private agency or organization, to participate in, carry out, support, or stimulate the project; (2) make available for purposes of the contracts or agreements agricultural commodities or the products thereof acquired by the Commodity Credit Corporation under price support operations conducted by the Corporation; or (3) use any funds appropriated under the Critical Agricultural Materials Act, or any funds provided by any person, or public or private agency or organization, to carry out the project or reimburse the Commodity Credit Corporation for agricultural commodities or products that are utilized in connection with such project.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(39) Dietary assessment and studies

The *House* bill requires the Secretary of Agriculture and the Secretary of Health and Human Services to conduct an assessment of existing scientific literature and research concerning (A) the relationship between dietary cholesterol and blood cholesterol and human health and nutrition and (B) dietary calcium and its importance in human health and nutrition. The Secretaries must consult with Federal agencies involved in related research. Upon completion of the assessments, the Secretaries must each recommend such further studies as the Secretaries consider useful.

Not later than 1 year after the date of enactment of the bill, each Secretary must submit a report to the House Committee on Agriculture and Energy and Commerce and the Senate Committees on Agriculture, Nutrition and Forestry and Labor and Human Resources with the results of the assessments and recommendations for more complete studies including a protocol, feasibility assessment, budget estimates, and a timetable. (Sec. 1445.)

The *Senate* amendment contains similar provisions except that the dietary calcium study would include, at a minimum, a comprehensive investigation of skeletal integrity, and regulation of hypertension and in both studies the Secretaries would be required to request assistance from other agencies and private sector organizations as the Secretaries considered appropriate. (Secs. 1553, 1554.)

The *Conference* substitute adopts the *House* provision.

(40) Special grants for financially stressed farmers and dislocated farmers

The *House* bill amends section 502 of the Rural Development Act by adding a new subsection establishing a program during the period beginning on the date of enactment of this Act and ending 3 years thereafter which would provide special grants for education and counseling programs to develop income alternatives for farmers who have been adversely affected by the current farm and rural economic crisis and who have been displaced from farming. The Secretary would be authorized to provide support to mental health officials in developing outreach programs in rural areas. (Sec. 1447.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(41) Annual report on family farms

The *House* bill amends section 102(b) of the Food and Agriculture Act of 1977 to require the Secretary of Agriculture to include in the annual report to Congress on the status of the family farm the effect of current and proposed changes in tax laws on the family farm, new food and agricultural production and processing technological developments (especially in the area of biotechnology), the credit needs of family farms, an assessment of how U.S. economic and trade policies affect the financial operations of family farms, and an assessment of the affect of Federal farm programs on family farms. (Sec. 1448.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(42) Agricultural productivity research

The *Senate* amendment establishes a new program of agricultural productivity research. This program would:

provide for the definition of terms used in the program; (Sec. 1531.)

declare the findings of Congress that the long-term agricultural viability and profitability of the farms and ranches in the United States are dependant on highly productive and efficient agricultural systems; agricultural research and technology transfer activities of the Secretary of Agriculture, State cooperative extension services, land-grant and other colleges and universities, and State agricultural experiment stations have contributed to innovation in agriculture and have a continuing role to play in improving agricultural productivity; agricultural productivity is reduced by annual irretrievable loss of billions of tons of top soil through wind and water erosion; many farmers and ranchers are highly dependent on machines and energy resources for agricultural production; public funding of a properly planned and balanced agricultural research program is essential to improving efficiency in agricultural production and conservation practices; and expanded agricultural research and extension efforts are needed to improve agricultural productivity and implement soil, water, and energy conservation practices; (Sec. 1532.)

establish the purposes of the subtitle as being those of facilitating and promoting scientific investigation in order to enhance agricultural productivity, maintain the productivity of land, reduce soil erosion and loss of water and plant nutrients, and conserve energy and natural resources; and facilitating the conduct of research projects in order to study agricultural production systems located in areas possessing various soil, climatic and physical characteristics, and managed using farm production practices that rely on items purchased for the production of an agricultural commodity and a variety of conservation practices, and are subjected to change as the result of such practices; (Sec. 1533.)

require the Secretary to inventory and classify by subject all studies, reports and other materials developed by any person or governmental agency with the participation or financial assistance of the Secretary, that could be used to promote the purposes of the subtitle. In addition, the Secretary is required to identify, assess, and classify existing information and research reports that will further the purposes of the program; provide useful information and to make the reports available to farmers and ranchers, and identify gaps in such information and carry out a research program to fill such gaps; (Sec. 1534.)

require the Secretary, in cooperation with Federal and State research agencies and agricultural producers, to conduct such research projects as are necessary to promote the purposes of the subtitle. In carrying out these research projects the Secretary is required to conduct projects and studies in areas that are broadly representative of United States agricultural production. In addition, the Secretary is authorized to conduct

such research projects involving crops, soils, production methods, and weed, insect and disease pests on individual fields or other areas of land. In the case of research projects involving the planting of a sequence of crops, the Secretary is required to conduct the projects for a term of at least five years and, to the extent practicable, twelve to fifteen years. The Secretary is also required to ensure that producers are aware of the research projects and to ensure that such projects are open for public observation. The Secretary is authority to indemnify an operator of a project for damages incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under the project that is not experienced in normal farming operations. Any indemnity payment would be subject to any agreement between a project grantee and operator entered into prior to the initiation of such project; (Sec. 1535.)

require the Secretary to establish a panel of experts consisting of representatives of the Agricultural Research Service, Cooperative State Research Service, Soil Conservation Service, Extension Service, State cooperative extension services, State agricultural experiment stations, and other specialists in agricultural research and technology transfer; and to take into consideration the views of the panel before a project under this subtitle is designed; (Sec. 1536.)

require the Secretary to report to the House and Senate agriculture committees within 180 days after the effective date of this subtitle on the design of the research projects established under this subtitle, within 15 months after the effective date of the subtitle on the results of the information study, and not later than April 1, 1987, and annually thereafter on the progress of projects conducted under this subtitle; (Sec. 1537.)

authorize the Secretary to carry out the required information study through agreements with land-grant colleges or universities, other universities, nonprofit organizations, or Federal or State governmental entities, that have demonstrated appropriate expertise in agriculture research and technology transfer; (Sec. 1538.)

require the Secretary to make the information and research reports identified under the information study and the information and conclusions resulting from any research project conducted under the subtitle available to the public through the Extension Service, State cooperative extension services and otherwise as necessary; (Sec. 1539.)

authorize the appropriation of such sums as may be necessary to carry out the subtitle and provide that such sums are to remain available until expended; (Sec. 1540.) and

establish the effective date of the subtitle as October 1, 1985. (Sec. 1541.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

TITLE XV—FOOD STAMP AND RELATED PROVISIONS

(1) Publicly Operated Community Mental Health Centers

The *Senate* amendment establishes food stamp eligibility for residents of *publicly operated* community health centers conducting treatment programs under the Alcohol, Drug Abuse, and Mental Health Services Block Grant. (Sec. 1401.)

The *Senate* amendment also makes a technical revision to the existing Food Stamp Act by removing references to now-repealed laws dealing with food stamp eligibility for residents of private, nonprofit treatment programs and substituting a reference to the Alcohol, Drug Abuse, and Mental Health Services Block Grant. (Sec. 1401.)

(NOTE.—This amendment would conform provisions of the Food Stamp Act of those approved in P.L. 97-35, P.L. 98-107, and P.L. 99-88.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to limit applicability of the provision to publicly operated *mental* health centers.

(2) Eligibility of the Homeless

The *House* bill changes the definition of an eligible household specifically to include individuals who do not reside in permanent dwellings or who have no fixed address. (Sec. 1501(a).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(NOTE.—Another provision was included in both bills which requires State agencies to provide a method for certifying the homeless.)

(3) Determination of Food Sales Volume

The *House* bill provides that retail food stores' food sales volume is to be determined by visual inspection, purchase or sales records, or other inventory or recordkeeping methods that are customary or reasonable in the retail food industry. (Sec. 1502.)

(NOTE.—Under existing law, a store must have more than 50 percent of its food sales volume in staple foods in order to be allowed to accept food stamps.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(4) Thrifty Food Plan

The *House* bill requires that food stamp benefit levels (based on the cost of the Thrifty Food Plan) effective in any fiscal year reflect food price changes through the September immediately preceding each annual October benefit adjustment—including *actual* food price changes through the preceding June, and the Secretary's best *estimate* of changes for the July-September period. The first adjustment under this rule would be effective Feb. 1, 1986, and would reflect food price changes in July-September 1985. Future adjustments would occur each October and reflect actual food price changes for the 12-month period immediately preceding the adjustment—actual changes for the period October through June—and

estimated changes for the period July through September. (Sec. 1503.)

(NOTE.—Under existing law, each October's annual adjustment to benefits reflects actual food price changes for the 12-month period ending the immediately preceding June.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provisions.

(5) Definitions of the Disabled

The *House* bill adds 4 categories of persons to the Food Stamp Act definition of "disabled":

those disabled who receive State-financed Supplemental Security Income (SSI) payments, but do not receive the basic Federal SSI benefit, as long as the benefits are determined to be conditioned on meeting social security disability criteria, or are benefits granted to those who qualified under pre-SSI programs for aid to the permanently and totally disabled and blind:

recipients of Federal, State, or local public disability retirement pensions who have a disability considered permanent under special social security rules;

veterans receiving pensions for non-service-connected disability; and

railroad retirement disability annuitants who must meet social security disability criteria in order to receive their annuity or qualify for Medicare. (Sec. 1504.)

(NOTE.—Those determined to be "disabled" for food stamp purposes receive special, more liberal treatment in determining eligibility and benefits.)

The *Senate* amendment replaces the existing Food Stamp Act definition of "disabled." The new definition would require the Secretary to establish, by regulation, the categories of persons to be considered disabled for food stamp purposes. These would be persons who receive benefits under a *Federal* law and:

whose benefit is based on a determination of blindness or disability that the Secretary judges to be based on the same, or substantially the same, criteria as social security disability determinations; or

for whom a determination of disability or blindness has been made that the Secretary judges is based on the same, or substantially the same, criteria as social security determinations. (Sec. 1403.)

NOTE.—The Senate Committee report notes that it is *not* the intent of the new definition to reduce the scope of the existing categories of disabled persons (now spelled out on the Food Stamp Act). These are: (1) recipients of Social Security Disability or Federal SSI benefits (including similar benefits in the territories); (2) veterans receiving compensation for service-connected disability rated at 100 percent; and (3) veterans' survivors receiving veterans benefits and having a disability considered permanent under special social security rules. The *Senate* amendment would allow expansion of the categories of persons considered disabled to the extent they are Federal benefit recipients and meet a disability test that is the same as or substantially the same as social security disability criteria.)

The *Conference* substitute adopts the *House* provisions.

(6) State and Local Sales Taxes

(a) The *House* bill bars participation in the Food Stamp Program to States in which the Secretary determines that State or local sales taxes are collected on food stamp purchases. (Sec. 1505.)

The *Senate* amendment prohibits food stamp transactions from being treated as a "taxable event" for sales tax purposes. (Sec. 1418(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill provision takes effect Oct. 1, 1987. (Sec. 1505.)

The *Senate* amendment provision takes effect with respect to a State on Oct. 1 of the calendar year in which the first session of the State legislature is convened following enactment of the bill. (Sec. 1418(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment (1) providing that only *regular* sessions of State legislature trigger the effective date and (2) authorizing the Secretary to extend the implementation date as necessary, but to not later than October 1, 1987, for any State that shows, to the Secretary's satisfaction, that an earlier implementation date would have an adverse and disruptive effect on food stamp program administration or would provide inadequate lead time for retail stores to implement changes in sales tax policy.

The conferees expect the Secretary to provide timely and thorough notice to States and affected food stores as to the effect and timing of this provision.

(7) Relating of Food Stamp and Commodity Distribution Programs

(a) The *House* bill deletes the existing bar against operating a program distributing Federally donated commodities in areas operating a Food Stamp Program. (Sec. 1506.)

NOTE.—The existing bar on dual operations is *not* now applicable: (1) where commodity distribution programs operate to meet disaster relief need; (2) in the case of the Commodity Supplemental Food Program; (3) in the case of Indian reservations; and (4) in the case of the Temporary Emergency Food Assistance Program—either under the terms of Food Stamp Act exemptions or other laws explicitly voiding the Food Stamp Act provisions.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment requires that, as a condition of eligibility for certain commodity distribution programs, persons furnish their social security numbers, and that these numbers be used in the administration of the programs. The programs include commodity distribution: on Indian reservations; for supplemental feeding programs for women, infants, and children; to charitable institutions; in disaster areas; to summer camps for children; and in the Trust Territory of the Pacific Islands.

The *Senate* amendment also authorizes the Secretary and food stamp State agencies to match the social security account numbers of participants in the food stamp program against account numbers of applicants for assistance under the commodity distribution program. (Sec. 1404.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provisions.

(8) Categorical Eligibility

(a) The *House* bill *requires* that States grant automatic food stamp eligibility to households composed entirely of AFDC or SSI recipients. They would be eligible without regard to most provisions of the Food Stamp Act. However, certain provisions would continue to apply to them—provisions governing household composition and the ineligibility of institutional residents, penalties for fraud, exemptions from employment and training requirements, and the ineligibility of SSI recipients in certain States. (Sec. 1507(a).)

The *Senate* amendment *permits* States to grant automatic food stamp eligibility to households composed entirely of AFDC or SSI recipients, if their gross monthly income is below 130 percent of the Federal poverty levels. Their eligibility would be judged without regard to the income and asset eligibility standards of the Food Stamp Act (other than the gross income test noted above). However, all other provisions of the Act would continue to apply to them. (Sec. 1414(a).)

The *Conference* substitute adopts the *House* provision with an amendment to make the provision applicable through September 30, 1989. The Secretary is to report to the Congress on the effect of the new provision within 2 years after enactment, with particular reference to the provision's effect on program administration, error rates, eligibility levels, benefit costs, and such other factors as the Secretary deems appropriate.

(b) The *House* bill requires that no household have food stamp benefits denied or terminated solely on the basis of an AFDC or SSI eligibility determination. A separate determination that the household had failed to meet normal food stamp eligibility tests would be required. (See. 1507(b).)

The *Senate* amendment contains the same provision. (See. 1414(b).)

The *Conference* substitute adopts the *House* provision.

The conferees intend that the Secretary would have discretion to apply a rule of reason in developing rules governing categorical eligibility. In instances where a household has been disqualified from food stamps due to a violation of food stamp rules (relating to work requirements, fraud, or other similar requirements), it would not be able to gain reinstatement through categorical eligibility.

(9) Excluded Income

(a) The *House* bill provides that the portion of an educational grant, loan, or other educational assistance that goes toward tuition and mandatory fees at a post-secondary education institution would be excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(2)(A).)

(NOTE.—Existing law provides that such conditions apply with regard to institutions of *higher education.*)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to strike the Feb. 1, 1986, effective date.

This provision clarifies that the portion of an educational grant, loan, or other educational assistance that goes toward tuition and mandatory fees at a post-secondary education institution would be excluded from income even if that institution does not require a high school diploma as a condition for attendance.

(b) The *House* bill specifies that educational loan origination fees and insurance premiums are to be excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(2)(B).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to strike the Feb. 1, 1986, effective amendment.

(c) The *House* bill provides that no portion of any *Federal* educational grant to the extent it provides income assistance beyond that used for tuition and mandatory fees, may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes—effective Feb. 1, 1986. (Sec. 1508(a)(3).)

The *Senate* amendment provides that no portion of any educational grant, loan on which payment is deferred, or other educational assistance may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes. (Sec. 1406(a).)

The *Conference* substitute adopts the *Senate* provision with an amendment limiting the application of the provision in the case of *non-Federal* grants, loans, or other education assistance to that portion of the assistance that is provided for *living expenses.* In the case of Federal assistance, no portion of any educational grant, to the extent it provides income assistance beyond that used for tuition and mandatory fees, may be considered a reimbursement for expenses and thereby excluded from income for food stamp purposes.

The conferees recognize that certain courses of study normally require special materials above and beyond books and routine supplies. For example, a cosmetology school may require all students to furnish their own scissors and combs. A chemistry course may require all students to provide their own gloves and smocks for use in the laboratory. The conferees intend for the Secretary to allow the portion of educational assistance which is used to pay for such required expenses to be excluded from gross income, because it is a mandatory fee. Current program regulations define a mandatory fee as one charged to all students or one charged to all students within a certain curriculum. Accordingly, a lab fee charged to all students in a science course is excluded from income. The conferees intend for this exclusion to be broadened to recognize that certain supplies are required of all students even though a separate fee is not imposed for these supplies.

(d) The *House* bill provides that income otherwise countable for food stamp purposes be reduced by the amount that the cost of producing self-employment income exceeds that income derived from self employment—effective Feb. 1, 1986. (Sec. 1508(a)(4).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment (1) to limit the provision to self-employment income of farmers and (2) to strike the Feb. 1, 1986, effective date.

(e) The *House* bill provides that assistance for living expenses paid to a third party on behalf of a household be treated as income payable directly to the household, if paid by a State or local government under an AFDC or general assistance program (excluding medical, child care, energy, and emergency or special assistance)—effective Oct. 1, 1985. (Sec. 1508(b).)

The *Senate* amendment provides that assistance for living expenses paid to a third party on behalf of a household be treated as income payable directly to the household, if it is paid by a State or local government in lieu of a regular AFDC benefit, a general assistance benefit, or a benefit payable by another basic assistance program identified by the Secretary (excluding medical, child care, energy, and emergency or special assistance, and excluding aid provided by a State or local housing authority). (Sec. 1405.)

The *Conference* substitute adopts the *Senate* provision with an amendment to modify the reference to "another basic assistance program" by providing that only other basic assistance programs comparable to general assistance are included.

(f) The *Senate* amendment provides that any educational assistance paid to a third party on behalf of a household be treated as income payable directly to the household. This would not apply to tuition and mandatory fees. (Sec. 1406(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment limiting the application of the provision to educational assistance paid for *living expenses* to a third party on behalf of a household.

(g) The *House* bill requires that earnings to individuals participating in on-the-job training programs under the Job Training Partnership Act be counted as earned income for food stamp purposes—effective Oct. 1, 1985. This would not apply in the case of individuals under age 21 during the first 6 months of participation. (Sec. 1508(b).)

The *Senate* amendment requires that all allowances, earnings, and payments (other than "needs-based allowances and payments") to individuals as a result of participation in programs under the Job Training Partnership Act be counted as income for food stamp purposes. (Sec. 1415.)

The *Conference* substitute adopts the *House* provision with an amendment (1) to strike the Oct. 1, 1985, effective date, (2) to change the application of the exception in the case of individuals under age 21 to dependents under age 19, and (3) to remove the limitation on the first 6 months of participation.

(10) Nonrecurring Lump-sum Payments.

The *Senate* amendment provides that food stamp benefits not be increased as the result of a reduction or termination of AFDC or SSI benefits due to the receipt of a nonrecurring lump-sum payment. (Sec. 1407.)

(NOTE.—AFDC and SSI benefits can be reduced or terminated as the result of the receipt of income in the form of a nonrecurring lump-sum payment (e.g., an income tax refund, insurance settlement). Under existing food stamp law, nonrecurring lump-sum payments are treated as assets and affect a household's eligibility and

benefits only to the extent that they are large enough to increase to household's assets above the asset limit. Thus, when a food stamp household's AFDC of SSI benefit is reduced or terminated due to receipt of a nonrecurring lump-sum payment, food stamp benefits are increased to take into account the household's reduced income—unless the payment is large enough to put the household over the food stamp asset eligibility limit.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(11) Child Support Payments

The *Senate* amendment allows States to exclude from income otherwise countable for food stamp purposes the first $50 a month of child support received by an AFDC recipient family—if the State reimburses the Federal Government for the estimated food stamp benefit cost of doing so. (Sec. 1408.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Deductions from Income

(a) The *House* bill increases the proportion of earnings that is deducted from otherwise countable income for food stamp purposes, from 18 to 20 percent—effective Feb. 1, 1986. (Sec. 1509(a)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to make the provision effective May 1, 1986.

(b) The *House* bill increases the limit on the amount of shelter and dependent care expenses that may be deducted from otherwise countable income for food stamp purposes—effective Feb. 1, 1986. In the 48 contiguous States and the District of Columbia, the limit would be increased from the current $139 a month to $155 a month. The separate limits applied in Alaska, Hawaii, the Virgin Islands, and Guam would be similarly increased. (Sec. 1509(a)(3).)

(NOTE.—Under existing law, this limit applies to any *combination* of shelter and dependent care expenses in the case of nonelderly, nondisabled households. For elderly and disabled households, the limit applies only to dependent care expense deductions. The limit is adjusted annually, each October, for changes in shelter costs as measured by the Consumer Price Index and would continue to be annually adjusted under the provisions of the *House* bill, using the new, increased limit as a base.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to increase the excess shelter deduction to $147 and to make the provision effective May 1, 1986. The separate limits applied in Alaska, Hawaii, the Virgin Islands, and Guam would be similarly increased.

(c) The *House* bill establishes a *separate* limit on dependent care expense deductions—effective Oct. 1, 1986. This limit would be $160 a month, with no allowance for inflation adjustments or geographic variation. (Sec. 1509(a)(3).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to establish the separate deduction effective May 1, 1986.

(d) The *House* bill permits States to use one or more standard utility allowances for households on behalf of which a payment for utility expenses is made under the Low-Income Home Energy Assistance Act (LIHEAA), if the household incurs out-of-pocket heating or cooling expenses. (Sec. 1509(a)(4).)

(NOTE.—Under current rules, LIHEAA households having all or part of their utility expenses paid on their behalf under the LIHEAA (indirect, or vendor payments) may not claim a standard utility allowance—except in States where the rule has been overturned by court decision. Households in these States and those whose LIHEAA aide is in the form of a *direct* payment to them may claim a standard utility allowance.)

The *Senate* amendment permits States to use a standard utility allowance for households receiving LIHEAA assistance. It may be an allowance separate from that applied to other households. However, the amendment requires that any allowance applied to these households must reflect utility expenses in excess of the expenses paid, directly or indirectly, under the LIHEAA. (Sec. 1410.)

An additional *Senate* amendment *terminates* the revised provision (established by Sec. 1410) dealing with standard utility allowances applied to LIHEAA households and replaces it with a requirement that if a State uses a standard utility allowance, the State must use a combined allowance for all households—effective one day after enactment. (Sec. 1444.)

The *Conference* substitute provides that if a State agency elects to use a standard utility allowance that reflects heating or cooling costs, it shall be made available to households receiving direct or indirect LIHEAA payments (or similar energy assistance payments), provided that the households still incur out-of-pocket heating or cooling expenses. A State agency may use a separate standard utility allowance for households receiving indirect (or vendor) LIHEAA payments, but may not be required to do so. A State agency not electing to use a separate allowance, and making a single standard utility allowance available to households incurring heating or cooling expenses, may not be required to reduce such allowance due to the provision (direct or indirect) of assistance under LIHEAA. LIHEAA assistance shall be considered to be prorated over the entire heating or cooling season for which it was provided for purposes of use in the food stamp program.

This provision preserves the practice now in effect in most States regarding standard utility allowances. States would continue to be allowed to make use of a standard utility allowance that reflects heating or cooling costs (along with certain other costs) available to households that incur heating or cooling expenses, without regard to whether such households receive benefits, directly or paid to a vendor, under the Low-Income Home Energy Assistance program (or similar energy assistance programs). However, if such vendor payments (after being prorated over the heating or cooling season they are intended to cover) result in a household having no out-of-pocket heating or cooling costs during the certification period, the

household would not be eligible for a standard allowance reflecting heating or cooling costs.

The provision also provides a new State option to use a separate standard utility allowance for households receiving energy assistance in vendor form. Establishing a separate standard allowance would not be required of States, since doing so may involve new administrative complexities. States not electing this option could continue to use a single standard allowance for households with out-of-pocket heating or cooling costs, and may not be required to reduce such an allowance due to the existence of energy assistance.

States could also provide a combined standard allowance for households not incurring out-of-pocket heating or cooling expenses, but this standard could not reflect heating or cooling costs.

Standard utility allowances are designed to encourage efficient administration of the food stamp program and should bear a relationship to utility costs in the State.

As reported from Committee, both the House and Senate food stamp amendments contained provisions designed to disallow the deduction of utility costs paid for by certain Low Income Home Energy Assistance Program (LIHEAP) benefits from the calculation of the excess shelter cost deduction. During floor consideration in both the House and Senate, these provisions were struck, leaving the bills silent on the deductibility of costs paid for by LIHEAP benefits and leaving stand court decisions dealing with this issue. The conferees do not intend to express a judgment on this matter.

The method of distribution of LIHEAP benefits varies greatly from state to state. As many states use a lump sum form of distribution for some or all of their LIHEAP payments, it is the intent of the conferees, as expressed in both House and Senate Agriculture Committee reports, that LIHEAP payments be considered for food stamp purposes as pro-rated on a monthly basis over the entire heating or cooling season.

(e) The *Senate* amendment provides that households may not claim as a shelter expense deduction any expense paid directly (as a cash payment to them) or indirectly (as a payment to a utility provider) under the LIHEAA. (Sec. 1410)

An additional *Senate* amendment also *terminates* the revised provision (established by Sec. 1410) dealing with the ability to claims shelter expense deductions for utility expenses paid under the LIHEAA—effective one day after enactment. (Sec. 1444.)

(NOTE.—Under current rules, LIHEAA households having utility expenses paid on their behalf may claim as a shelter expense deduction only their *actual* out-of-pocket expenses—except in States where the rule has been overturned by court decision. Households in these States and those who receive LIHEAA assistance in the form of a direct payment to them may claim all utility expenses as a shelter expense deduction, subject to other limitations that may apply.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the Senate provisions.

(f) The *House* bill requires that States allow households to switch between claiming a standard utility allowance and a deduction based on actual expenses at the beginning or end of any certifica-

tion period and up to 2 additional times during any 12-month period. (Sec. 1509(a)(4).)

(NOTE.—Under current rules, households may switch between use of a standard utility allowance and actual expenses at the beginning or end of any certification period. However, in States using an annualized standard utility allowance, they may switch only once every 12 months.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment that limits household's ability to switch between a standard utility allowance and actual utility expenses to once a year and at the beginning or end of any certification period.

(g) The *House* bill permits households with elderly or disabled members to claim as a deduction medical expenses of an elderly or disabled member in excess of the lesser of: (1) $35 a month; or (2) 5 percent of gross monthly income—effective Feb. 1, 1986. (Sec. 1509(a)(5).)

(NOTE.—Under existing law, households with elderly or disabled members may claim medical expense deductions to the extent the expenses exceed $35 a month.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the House provisions.

(13) Retrospective Budgeting and Monthly Reporting Simplification

(a) The *House* bill requires retrospective budgeting and monthly reporting for households with earned income or a member who has recent work history. The Secretary may grant waivers of this requirement, on State request, for categories of households (including all households) where a satisfactory showing has been made by the State that monthly reporting would result in unwarranted administrative expenditures. Migrant farmworker households and households in which all members are elderly or disabled and have no earned income would be exempt from the requirement, by law. (Sec. 1511.)

The *Senate* amendment contains the same provisions, except that it does not make explicit mention of the Secretary's authority to waive the requirement for *all* households with earned income or recent work history. (Sec. 1412.)

The *Conference* substitute adopts the *House* provisions.

The conferees intend that the Secretary can approve all or only certain categories of recipients proposed by States for exemption. In considering whether the Secretary will grant cost-effectiveness waivers, the Secretary could consider such factors as the use of frequent recertification, effective wage matching or other efforts.

(b) The House bill also provides States the option of using retrospective budgeting or monthly reporting, or both, for all other types of households, except those exempt by law (migrant farmworkers and elderly and disabled households with no earned income). (Sec. 1511.)

(NOTE.—Under existing law, all categories of households—except those exempt under law as noted above—must fulfill retrospective budgeting and monthly reporting requirements, unless the requirement is waived, at State request, by the Secretary upon a finding that unwarranted administrative expenditures would result.

Households not required to fulfill monthly reporting and retrospective budgeting requirements have their income calculated "prospectively" and must report any significant change in household circumstances when it occurs.)

The *Senate* amendment also provides States the option of using monthly reporting for all other types of households, except those exempt by law (migrant farmworkers and elderly and disabled households with no earned income). The Secretary may allow households not required to report monthly to have their income calculated on a prospective basis. (Sec. 1412).

The *Conference* substitute adopts the *House* provisions.

(14) Resources Limitations

(a) The *House* bill increases liquid asset limitations to:

$3,500 for households consisting of or including an elderly member; and

$2,250 for households without an elderly member.

These increases would be effective Oct. 1, 1986. (Sec. 1512.)

(NOTE.—Current liquid asset limits are:

$3,000 for households of two or more with an elderly member; and

$1,500 for all other households.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions with an amendment to increase liquid asset limitations to:

$3,000 for households consisting of one elderly member (the $3,000 level would continue to apply for households of two or more with an elderly member); and

$2,000 for all other households.

The increases would be effective May 1, 1986.

(b) The *House* bill requires that the current $4,500 threshold amount, above which the fair market value of a car is counted as an asset for food stamp purposes, be adjusted to reflect changes in the used car component of the Consumer Price Index. The adjustments would occur beginning with Oct. 1, 1986, and continue each October thereafter until a threshold of $5,500 was reached. Each adjustment would be rounded to the nearest $100 increment and would reflect price changes for the 12-month period ending the immediately previous June. (Sec. 1512.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provisions.

(c) The *House* bill allows the Secretary to revise current regulations defining what types of assets are determined "inaccessible" and, thus, not considered in judging eligibility.

(NOTE.—Under existing law, the Secretary may not change the food stamp asset regulations in effect on June 1, 1982, except for those relating to vehicles. The House Committee report notes that it is the intent of this amendment to allow the Secretary to specifically include assets on which a lien has been placed as "inaccessible" for food stamp purposes.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

It is the intent of the conferees to allow the Secretary to specifically include as "inaccessible" for food stamp purposes assets on which a lien has been placed.

(d) The *House* bill requires that real or personal property—to the extent that it is directly related to the maintenance or use of a vehicle used to produce income or to transport a physically disabled household member—be excluded as a countable asset for food stamp purposes. (Sec. 1512.)

(NOTE.—Under current rules, vehicles used to produce income or to transport a physically disabled household member are not included as countable assets for food stamp purposes.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the House provision.

It is not the intention on the Conferees that this provision be applied, for example, to exclude the value of a 100-acre field if only one-quarter of an acre of that field is used for parking a truck and maintenance purposes; only the value of the one-quarter acre would be excluded under this provision.

(e) The *Senate* amendment requires that the value of one burial plot for each household member be excluded as a countable asset for food stamp purposes. (Sec. 1413.)

(NOTE.—Current regulations exclude one burial plot for each household member.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(15) Disaster Task Force

The *House* bill requires the Secretary to: (1) establish a disaster task force to assist States in implementing programs in disaster areas; and (2) send task force members to a disaster area as soon as possible after a disaster occurs to provide direct aid to State and local officials. (Sec. 1513.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the House provision with an amendment to require the Secretary to send task force members to a disaster area when such actions would be cost effective.

The Conferees intend that the Secretary establish and maintain a disaster task force which should be composed of appropriate food stamp, disaster, and related program personnel at the National and regional office level to react to disaster situations as expeditiously as possible. Representatives of the task force would assist State and local officials in the disaster area in establishing an emergency program. The task force would coordinate policy matters and monitor emergency assistance efforts. Task force responsibilities should be confined to technical assistance efforts.

(16) Eligibility Disqualifications

(a) The *House* bill requires disqualification of the entire household if the head of the household fails to fulfill any food stamp work requirements. If another household member subject to the requirements fails to comply, that member alone would be disqualified. (Sec. 1514.)

(NOTE.—Under existing law, the entire household is disqualified if any member subject to work requirements fails to comply.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The House bill establishes by statute a 2 month disqualification period for failure to comply with work requirements, and terminates any period of ineligibility for failure to comply with work requirements when the person who committed the violation complies with the requirement violated, or leaves the household. However, in the case of a departing individual, the ineligibility of the individual who committed the violation would continue, and any other household of which the departing member becomes head would be ineligible for the balance of the period of disqualification. (Sec. 1514 and 1515(a)(2).)

(NOTE.—Under existing regulations, household disqualification terminates when the person who has violated the requirement complies with it, leaves the household, or becomes exempt. In the case of a departing individual, the ineligibility of the individual continues and any other household the person joins is ineligible for the balance of the disqualification period. Barring compliance, departure, or exemption, the normal disqualification period established by regulation, is 2 months. However, in the case of a person who has voluntarily quit a job without good cause, the period is 3 months, and cannot be shortened on account of compliance.)

The *Senate* amendment contains the same provisions, except that any household of which the departing individual becomes a member would be ineligible for the balance of the disqualification period. (Sec. 1416(a)(1)(C).)

The *Conference* substitute adopts the House provision.

(c) The *Senate* amendment makes subject to the food stamp work requirements heads of households who are between ages 16 and 18 and not attending school full-time. (Sec. 1416(a).)

(NOTE.—Under existing law, persons younger than 18 years of age are exempt from food stamp work requirements.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment limiting application of the *Senate* amendment to heads of households who are 16 or older and not attending school half-time or more or in an employment training program.

(d) The *Senate* amendment allows States the option of making subject to the food stamp work requirements parents or guardians of dependent children between ages 3 and 6 if adequate child care is available. (Sec. 1416(a)(2)(A).)

(NOTE.—Under existing law, parents or caretakers of children under age 6 are exempt from food stamp work requirements.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(e) The *House* bill waives application of the Act's special rules governing the ineligibility of students at institutions of higher education in the case of persons assigned to those institutions for training under the programs of the Job Training Partnership Act. (Sec. 1514.)

(NOTE.—Under existing law, able-bodied students between 18 and 60 enrolled at least half-time in an institution of higher education must, in addition to meeting normal food stamp eligibility tests: (1) be employed at least 20 hours a week or be participating in a work-

study program; (2) be a parent with responsibility for a dependent child under age 6; (3) be receiving AFDC benefits; or (4) have responsibility for the care of a dependent child between 6 and 12 for whom adequate child care is not available. Students enrolled as the result of a WIN program assignment are exempt from this additional test.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(f) The *House* bill removes the exemption from the Act's special student ineligibility rules now granted to students with responsibility for the care of children between ages 6 and 12 for whom adequate child care is not available. (Sec. 1514.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(g) The *Senate* amendment requires that *all* income of an ineligible alien residing with a food stamp household be counted as available to the household. (Sec. 1417(b).)

(NOTE.—Under existing law, a portion of the income of ineligible alien residing with a food stamp household is counted as available to the household—namely, total income less a pro rata share.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(17) Employment and Training Program

(a)–(w) The *House* bill replaces the current disqualification for refusing to comply with job search requirements prescribed by the Secretary with a disqualification for refusing, without good cause, to participate in an employment and training program designed by the State.

Each State would be required to implement an employment and training program, designed by the State for the purpose of assisting food stamp recipients in gaining skills, training, or experience that will increase their ability to obtain regular employment.

An employment and training program would be defined as one that contains, at State option, one or more of the following components:

Job search programs with terms and conditions comparable to those prescribed for AFDC job search (except that there would be no obligation for a State to incur costs above $25 per participant per month, and the State would have the option of requiring job search at application).

Job search training programs determined by the State to expand job search abilities or employability.

Programs designed to improve employability through actual work experience or training, or both. In these work experience/training programs, States:

may use State employment offices of Job Training Partnership Act agencies to find employment and training opportunities;

would have to limit assignments to projects serving a useful public purpose;

would have to use participants' prior training, experience, and skills, to the extent possible, in making appropriate assignments;

could not provide work that has the effect of replacing the employment of an individual not participating in the employment and training program; and

would have to provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

Other programs, as approved by the Secretary, aimed at accomplishing the purpose of the employment and training program.

States could allow participation in a food stamp employment and training program to supplement or supplant other requirements imposed on participants.

States would be required to exempt from participation in any employment and training program those categories of recipients for whom the State determines that participation is impracticable due to factors such as lack of work opportunities and the cost-effectiveness of requiring participation. States would be able to designate as an exempt category all recipients in a specified geographic area.

States would be required to exempt or suspend from employment and training participation requirements recipients (1) not included in an exempt category and (2) for whom the State determines that participation is impracticable due to personal circumstances such as lack of job readiness and employability, the remote location of work opportunities, and the lack of child care. States would be required to determine the extent to which any individual must fulfill employment and training requirements.

The number of hours of work that can be required each month in an employment and training program would be limited to a number equal to the household's monthly benefit divided by the Federal or State minimum wage (whichever is higher). If a household member is also required to work under a workfare program, the limit would apply to the aggregate number of hours worked in workfare and under an employment and training program. The number of hours of participation in an employment and training program by any individual would be limited to 120 hours a month, in combination with any hours worked under a workfare program or any hours worked for compensation (in cash or in kind).

States would be required to establish rules for participation in their employment and training program for non-exempt individuals, and the requirements could vary among participants.

States would be permitted to operate employment and training programs in which individuals elect to participate. States would be required to allow individuals not subject to employment and training requirements (or who have complied or are in the process of complying with the requirements) to participate in any employment and training programs.

The Secretary would be required to issue guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program that is compatible and consistent with similar programs operated within a State.

States would be required to reimburse participants for transportation costs and other expenses incurred, except that the State could limit reimbursements to $25 per participant per month, and reimbursements would be limited to costs that are reasonably nec-

essary and directly related to participation in job search and work/training experience components.

Each State's food stamp plan of operation would be required to include the manner in which it will carry out its employment and training program.

The Secretary would be required to allocate among the States, from funds appropriated under the Food Stamp Act, the following sums to carry out employment and training programs:

$40 million for FY 1986;
$50 million for FY 1987;
$60 million for FY 1988; and
$75 million for FYs 1989 and 1990.

If, in carrying out an employment and training program, a State incurs costs in excess of the amount allocated it from the above sums, the Secretary would be required to pay the State 50 percent of those additional costs. Notwithstanding, the above-mentioned funding requirements, the Federal share of reimbursements to participants for costs incurred could not exceed 50 percent of an amount equal to $25 per participant per month.

The Secretary would be required to monitor States' employment and training programs to measure their effectiveness in terms of the increase in the number of participants who obtain employment and the number who retain employment as a result of their participation in employment and training programs.

The Secretary would be required to report to the House and Senate Committees on the effectiveness of employment and training programs not later than January 1, 1989. (Sec. 1515.)

The *Senate* amendment contains the same provisions, with the following differences:

State employment and training programs would, explicitly, have to be designed "pursuant to guidelines established by the Secretary."

States would be required to place in their employment and training programs certain proportions of individuals who: (1) are subject to food stamp food stamp work requirements; and (2) have participated in the food stamp program for more than 30 consecutive days. By September 30, 1987, 25 percent of these persons would have to be placed. By September 30, 1988, 35 percent would have to be placed. By September 30, 1990, and thereafter, 45 percent would have to be placed. Exemption of a category of recipient could not affect the determination of whether a State has fulfilled the requirement to place certain proportions of recipients in employment and training programs.

State employment and training program components would have to meet criteria established by the Secretary.

There is no provision for a job search component in State employment and training programs.

Explicit provision is made for workfare programs as a component of State employment and training programs.

States would be permitted, rather than required, to exempt recipient categories for whom participation was determined impracticable, and would be required to do so in accordance with criteria established by the Secretary.

No provision is included requiring States to determine the extent to which any individual must fulfill employment and training requirements.

There is no requirement for States to establish rules for participation in their employment and training programs.

States would be permitted to operate employment and training program components in addition to those selected for the set of programs to be approved by the Secretary to fulfill the requirement to operate an employment and training program.

Reimbursements to participants would be limited to costs that are "reasonably necessary and directly related to participation" in all employment and training program components.

The Secretary would be required to ensure that States comply with their plan of operation for employment and training programs, and, if the Secretary determines that a State has failed to comply, the Secretary would be permitted to withhold Federal funds available for general food stamp administration and those available for operation of employment and training programs—subject to administrative and judicial review.

The Secretary would be required to ensure that employment and training programs are required of Indians on reservations in proportion to their proportion of the number of recipients subject to food stamp work requirements who have participated at least 30 days—to the extent practicable and in cooperation with the Secretary of Labor.

State plans of operation for employment and training programs would have to include the nature and extent of the State's program and the geographic areas and households to be covered.

No Federal funding allocation for FY 1990 is included.

Federal funding for employment and training programs could be used only for those programs and not to carry out any other provision of the Food Stamp Act.

The *Conference* substitute establishes a new employment and training program requirement incorporating aspects of the *House* provisions and the *Senate* amendment.

The substitute replaces the current disqualification for refusing to comply with job search requirements prescribed by the Secretary with a disqualification for refusing, without good cause, to participate in an employment and training program.

By April 1, 1987, each State is required to implement an employment and training program designed by the State, and approved by the Secretary, for the purpose of assisting food stamp recipients in gaining skills, training, or experience that will increase their ability to obtain regular employment. The Conferees expect the Secretary to establish broad guidelines for an employment and training program, giving maximum flexibility to the States rather than setting specific, detailed criteria concerning the various program components.

An employment and training program is defined as one that contains one or more of the following components:

Job search programs with terms and conditions comparable to those prescribed for AFDC job search (except that there is no obligation for a State to incur costs for participant expenses

above $25 per participant per month, and the State has the option of requiring job search at application).

Job search training programs determined by the State to expand job search abilities or employability.

Workfare programs, under terms and conditions set out separately in the Food Stamp Act.

Programs designed to improve employability through work experience or training, or both, and to enable participants to move promptly into regular public or private employment. State work experience/training programs:

are required to limit work assignments to projects serving a useful public purpose;

are required to use participants' prior training, experience, and skills, to the extent possible, in making assignments;

cannot provide work that has the effect of replacing the employment of an individual not participating in the employment and training program; and

are required to provide the same benefits and working conditions that are provided to employees performing comparable work for comparable hours.

Other programs, as approved by the Secretary, aimed at accomplishing the purpose of the employment and training program.

States may allow participation in a food stamp employment and training program to supplement or supplant other employment-related requirements imposed on participants.

States are permitted to exempt from participation in any food stamp employment and training program those categories of recipients for whom a participation requirement is impracticable due to factors such as lack of work opportunities and the cost-effectiveness of requiring participation. States are permitted to exempt all recipients in a specified geographic area, and are also permitted to exempt recipients participating less than 30 days (subject to the Secretary's approval).

States are also permitted to exempt from participation in any employment and training program individual recipients (1) not included in an exempt category and (2) for whom participation is impracticable because of personal circumstances such as lack of job readiness and employability, the remote location of work opportunities, and the lack of child care.

Any exemption of a category of recipients or individual recipient is required to be evaluated periodically to determine whether the basis for the exemption continues to be valid. In the case of individual exemptions, evaluations are required no less often than at each certification or recertification for food stamp benefits.

States are required to establish employment and training program participation requirements, including the extent to which individuals are required to participate. The requirements may vary among participants.

The number of hours of work that can be required each month in an employment and training program are limited to a number of hours equal to the household's monthly benefit divided by the Federal or State minimum wage (whichever is higher). If a household

member is also required to work under a workfare program, the limit applies to the aggregate number of hours worked in workfare and an employment and training program. The number of hours of participation in an employment and training program by any individual is limited to 120 hours a month, in combination with any hours worked under a workfare program or any hours worked for compensation (in cash or in kind).

States are permitted to operate employment and training programs in which individuals elect to participate. States are required to permit individuals not subject to employment and training participation requirements (or who have complied or are in the process of complying with the requirements) to participate in any employment and training program—to the extent the State determines it to be practicable.

States are required to reimburse participants, including those who elect to participate, for actual transportation costs and other actual costs that are reasonably necessary and directly related to participation in any employment and training program—except that the State may limit the reimbursement to $25 per participant per month.

The Secretary is required to issue guidelines (1) that enable a State to design and operate an employment and training program that is compatible and consistent with similar programs in the State and (2) to ensure that employment and training programs are provided to Indians on reservations.

The Secretary is required to establish performance standards that designate the minimum proportions of non-exempt persons subject to food stamp work requirements that States are required to place in employment and training program, except that the Secretary is permitted to delay setting performance standards for up to 18 months after implementation of the employment and training program requirement in order to base standards on State experience in implementing the employment and training programs. No standard may exceed 50 percent, through fiscal year 1989.

The Secretary is required to vary performance standards according to differences in the types of persons required to participate and the type of program to which the standard is applied. Performance standards may vary by State. In setting the performance standards, the Secretary also is required to consider the cost to the States and the extent of participation by persons exempt from employment and training requirements.

When determining whether a State has met a performance standard, the Secretary is required to consider voluntary participation in employment and training programs, other factors such as placement in unsubsidized employment, increases in earnings, and reduction in food stamp participation, along with any other factors considered to be related to employment and training.

States are required to submit an employment and training program plan of operation for the Secretary's approval. The plans are required to include the nature and extent of the program, the geographic areas and households to be covered, and the basis for exemptions of categories and individuals and for the choice of program components.

The Secretary is required to ensure that States comply with employment and training program requirements and the provisions of their State plans. If the Secretary determines that a State has failed, without good cause, to comply with program requirements or provisions of the State plan (including failure to meet a performance standard), the Secretary is permitted to withhold Federal funds available for general food stamp administration and those available for operation of employment and training programs, as determined appropriate—subject to administrative and judicial reviews.

The Secretary is required to allocate among the States, from funds appropriated under the Food Stamp Act, the following sums for employment and training program costs of the States:

$40 million in FY 1986;
$50 million in FY 1987;
$60 million in FY 1988; and
$75 million in FYs 1989 and 1990.

If, in carrying out an employment and training program, a State incurs costs in excess of the amount allocated it from the above sums, the Secretary is required to pay the State 50 percent of those additional costs. In the case of payments made, or costs incurred, by the State in connection with transportation and other participant expenses required of the State, the Secretary is required to pay the State 50 percent. However, the Federal share of these participant expenses may not exceed 50 percent of an amount equal to $25 per participant per month, and must be paid separately from the State's allocation from the above-mentioned sums.

Funds provided to States for employment and training programs may be used only for these programs, and not to carry out any other provisions of the Food Stamp Act.

The Secretary is required to monitor employment and training programs carried out by States to measure their effectiveness in terms of the increase in the numbers of participants obtaining and retaining employment as the result of their participation in a program.

The Secretary is required to report to the House and Senate Committees on Agriculture, and Agriculture, Nutrition, and Forestry, on the effectiveness of employment and training programs, not later than January 1, 1989.

(17)(x) Workfare Compliance

The *Senate* amendment changes the categories of food stamp recipients who are not required to comply with any workfare program to:

parents or caretakers of dependent children under age 6, except that States would have the option to require compliance of parents or caretakers of children between ages 3 and 6 if adequate child care is available.

parents or caretakers of incapacitated persons;

otherwise eligible students enrolled at least half-time;

participants in drug addiction and alcoholic treatment programs;

those employed at least 30 hours a week (or the minimum-wage equivalent);

those under age 18, except that heads of household who are age 16 or older and not attending school full-time would not be exempt; and

at State option, those subject to and currently actively and satisfactorily participating at least 20 hours a week in an AFDC work training program.

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts only that portion of the *Senate* amendment that requires workfare compliance of heads of household who are under age 18, but are age 16 or older, with an amendment exempting those attending school at least half-time or enrolled in any employment or training program.

(y) Workfare Hours

The *Senate* amendment provides that, in the case of households that are exempt from food stamp work requirements because they are participating in an AFDC community work experience program, the maximum number of hours of work required under the AFDC community work experience program must be a number of hours equal to the amount of AFDC assistance plus food stamp benefits divided by the higher of the Federal or State minimum wage. In determining the food stamp benefit to be used in this calculation, the food stamp benefit of non-AFDC household members would be included. No household member exempt from food stamp work requirements because of participation in the AFDC community work experience program could be required to participate in work experience program for more than 120 hours a month.

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* amendment. The Conferees intend that these provisions provide the States with the option to increase the hours of workfare participation required of food stamp recipients in AFDC community work experience programs to reflect the receipt of food stamp benefits.

(18) Staggering of Coupon Issuance

(a) The *House* bill allows States to stagger issuance of food stamp benefits for its caseload throughout the entire month. The procedure used by a State would have to ensure that no household experiences an interval between issuances of more than 35 days. (Sec. 1516.)

The *Senate* amendment contains the same provisions, except that the staggered issuance procedure would have to ensure an interval of no more than 40 days. (Sec. 1426.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill provides that the assurance of a maximum 35 day interval could be accomplished through special supplemental issuances. (Sec. 1516.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with an amendment to change the 35 day interval to 40 days.

(c) The *House* bill requires that, in the case of households applying for and receiving benefits in the last 15 days of a month, benefits for the first full month of participation must be issued by the later of 5 working days after the beginning of the month or 5 work-

ing days after verification procedures have been completed. (Sec. 1516.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment requiring benefits for the first full month of participation to be issued no later than the eighth day of the month.

(19) Alternative Means of Coupon Issuance

The *Senate* amendment requires the Secretary to require States to issue benefits through specified alternative methods, if the Secretary determines, in consultation with the Inspector General of the Department, that it would improve the integrity of the food stamp program. (Sec. 1419.)

(NOTE.—Under existing law, the Secretary *may* require States to use alternative issuance methods upon his determination, in consultation with the Inspector General, that it would improve program integrity.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(20) Simplified Applications and Standardized Benefits

The *House* bill requires the Secretary to continue pilot projects for simplified applications and standardized benefits if it is determined that that project has a beneficial effect on program administrative costs and error rates and continuation will not result in undue added program costs. (Sec. 1526(b).)

(NOTE.—Under existing law, 2 pilot projects for simplified application and standardized benefits are authorized. For their terms and conditions, see the provisions of the *Senate* amendment.)

The *Senate* amendment repeals the current authorization for simplified application and standardization benefit pilot projects and allows the Secretary to permit States, on request, to operate a program under which:

households including members who are recipients of AFDC, SSI, or Medicaid benefits would be eligible for food stamps regardless of the Food Stamp Act's income and asset standards, as long as their gross monthly income did not exceed 130 percent of the Federal poverty levels; and

benefits to these households would be based on the size of the household and (1) the AFDC benefit, (2) the Medicaid income eligibility standard, or (3) at State option, the AFDC or Medicaid "needs standards".

The Secretary would be required to adjust the benefits received by these households to ensure that the average benefit by household size is not less than the average that would have been provided under regular food stamp benefit determination rules.

The Secretary would be required to evaluate the effect of these simplified application and standardized benefit programs on recipient households, administrative costs, and error rates.

Administrative costs would be shared according to regular food stamp rules.

The Secretary would be required to consult with the Secretary of Health and Human Services to ensure that application processing and eligibility determinations are simplified and unified with proc-

essing and determinations for benefits under the Social Security Act. (Sec. 1414(c) and Sec. 1420.)

The *Conference* substitute adopts the *Senate* provision with an amendment to limit the number of sites to five statewide and five local sites.

The conferees intend that, in operating these projects, the Secretary should insure that, to the extent that a redistribution of benefits occurs, it is not done at the expense of the poorest food stamp households. The conferees intend that the projects authorized under this provision will be the sole projects of this specific nature approved by the Secretary and implemented by States and localities.

(21) Special Supplemental Food Program

The *Senate* amendment requires that a retail food store or wholesale food concern that has been disqualified for food stamp redemption be ineligible, during the period of disqualification, to participate in the special supplemental food program for women, infants, and children (WIC). (Sec. 1429(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(22) Credit Unions

The *House* bill allows financial institutions insured under the Federal Credit Union Act, and having retail food stores or wholesale food concerns in their field of membership, to accept food stamps for deposit from such retail food stores or wholesale food concerns. (Sec. 1518.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(23) Charges for Redemption of Coupons

(a) The *House* bill prohibits financial institutions from charging a fee to food concerns for redemption of food stamps if the food stamps are submitted in a manner consistent with requirements for presenting the stamps to Federal Reserve banks. Food concerns would not be required to cancel the stamps.

The *Senate* amendment contains the same provision. (Sec. 1421.)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill provides that the Secretary, in consultation with the Board of Governors of the Federal Reserve System, is to issue regulations implementing the prohibition on fees. (Sec. 1519.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(24) Public information

The *House* bill provides 50-percent Federal funding for program information activities, implemented at the discretion of the State, for unemployed, disabled, or elderly persons who apply or may be eligible for participation in the food stamp program. (Sec. 1520.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(25) Office hours

The *House* bill requires States to assess, from time to time, the need for operating food stamp offices during evening and weekend hours. (Sec. 1521.)

The *Senate* amendment provides that the Secretary's standards for efficient and effective administration of the food stamp program must include standards for periodic review of the hours that food stamp offices are open to ensure that employed individuals are adequately served. (Sec. 1436.)

The *Conference* substitute adopts the *Senate* provision.

(26) Certification of Information

The *Senate* amendment requires that each adult member of an applicant household or a household required to file a periodic or other report must certify in writing the truth of the information contained in the application or report, under penalty of perjury. In the case of a household applying under expedited service procedures, only one adult from the household would be required to certify the truth of the information in the application. (Sec. 1423.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to require one adult member of all applicant households to certify in writing the truth of the information contained in the application, under penalty of perjury.

(27) Liability for Overissuance of Coupons

The *Senate* amendment requires that each adult member of a food stamp household be jointly and severally liable for the value of any overissuance of food stamps. (Sec. 1431.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(28) Verification

The *Senate* amendment requires verification of household size (where questionable) and allows States to require verification of any other eligibility factor. (Sec. 1424.)

(NOTE.—Under existing law, verification is required for household income and other eligibility factors as determined by the Secretary. States may also require verification of household size and eligibility factors indicated as significant by the State's quality control reviews.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(29) Photographic Identification Cards

The *Senate* amendment revises the basis for the Secretary's decision to require States to use photographic identification cards. The decision would be based on both the need to protect program integrity and the cost-effectiveness of requiring the cards.

The *Senate* amendment would also allow States to permit households to fulfill a requirement for a food stamp photographic identification card by presenting a card used to receive assistance under a welfare or public assistance program. (Sec. 1425.)

(NOTE.—Under existing law, the Secretary may require States to use photographic identification cards in project areas where it is determined that it would be useful to protect program integrity.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(30) Fraud Detection

The *Senate* amendment requires the establishment and operation of fraud detection administrative units in project areas with 5,000 or more participating households. Their activities would include detection, investigation, and assistance in prosecution. (Sec. 1427.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

The conferees intend that there need not be physically separate and distinct units and that those workers fulfilling this function need not work full-time in fraud detection nor work exclusively on the food stamp program. The fraud detection function could be performed by persons not employed by the food stamp agency.

(31) Expanded Food and Nutrition Education Program

The *House* bill requires States to encourage food stamp program participants to participate in the expanded food and nutrition education program (EFNEP). At the request of EFNEP personnel, State agencies, wherever practicable, are to allow EFNEP personnel and information materials to be placed in food stamp offices. (Sec. 1522.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(32) Food Stamp Program Information and Simplified Application at Social Security Administration Offices

The *House* bill requires that:

SSI *applicants*, as well as recipients, be informed of the availability of food stamp benefits, be assisted in making a simple application to participate at social security offices, and be certified for food stamp eligibility using information in social security files;

social security applicants and recipients be informed of the availability of food stamp benefits and provided with a simple food stamp application form at social security offices—under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services;

the Secretary and the Secretary of Health and Human Services revise the current memorandum of understanding regarding services in social security offices to ensure that social security applicants and recipients are adequately notified of food stamp assistance, that food stamp applications from SSI applicants or recipients will be forwarded to a food stamp agency in an efficient and timely manner, and that the Secretary of Health and Human Services receives reimbursement for costs incurred in providing food stamp services; and

not later than 180 days after enactment, the Secretary submit a report to the *House* and *Senate* committees describing the nature and extent of costs incurred by the Secretary of

Health and Human Sevices in complying with requirements for food stamp services. (Sec. 1523.)

The *Senate* amendment contains the same provisions, except that: (1) SSI applicants and recipients are to be "informed of the availability of assistance in making a simple application" to participate in the food stamp program, rather than "be assisted"; and (2) social security applicants and recipients are to be "informed of the availability of a simply application" to participate in the food stamp program, rather than be "provided with a simple application". (Sec. 1428.)

The *Conference* substitute adopts the *Senate* provision with an amendment (1) to require that SSI applicants and recipients are to be assisted in making a simple application, (2) to make the provision effective October 1, 1986, and (3) to require the Secretary to report by April 1, 1987.

(33) Retail Food Stores and Wholesale Food Concerns

(a) The *House* bill requires that, when a disqualified retail food store or wholesale food concern is sold (or otherwise tranferred) to a bona fide purchaser (or transferee), the person or persons who sell or transfer ownership must be subjected to a civil money penalty established by the Secretary to reflect the portion of the disqualification period that has not expired. If the disqualification is permanent, the civil money penalty would be double the penalty established by the Secretary for a 10-year disqualification. (Sec. 1524.)

The *Senate* amendment contains the same provisions. However, there is no reference to "bona fide" purchasers (or transferees) and no reference to subjecting the "person or persons" selling or tranferring ownership to a civil money penalty. (Sec. 1430(a).)

The *Conference* substitute adopts the *House* provision with an amendment to strike "bona fide".

(b) The *House* bill requires that the disqualification of a retail food store or wholesale food concern that has been sold (or otherwise transferred) must continue in effect as to the seller (or transferor)—notwithstanding the imposition of a civil money penalty. (Sec. 1524.)

The *Senate* amendment contains the same provision. (Sec. 1430(a).)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill permits the Secretary to request the Attorney General to institute a civil action in Federal court against the person or persons subject to a civil money penalty on selling or transferring a disqualified store or concern, after the penalty has become final under the Act's administrative and judicial review procedures. In such an action, the validity and amount of the penalty are not to be subject to review. (Sec. 1524.)

The *Senate* amendment contains the same provision. (Sec. 1430(a).)

The *Conference* substitute adopts the *House* provision.

(d) The *Senate* amendment prohibits the buyer (or transferee) of a disqualified retail food store or wholesale food concern from accepting food stamps until the Secretary receives payment in full of

any civil money penalty—if the buyer (or transferee) has actual or constructive notice of an outstanding penalty.

The Secretary would, to the extent permitted by law, be required to ensure that any civil money penalty encumbrance that has been imposed on a disqualified store or concern is recorded in an appropriate State or local public office.

The seller (or transferor) would be required to advise a buyer (or transferee) of the limitation on accepting food stamps (until a penalty is paid) imposed on buyers (and transferees), prior to the sale or transfer. (Sec. 1430(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that *any* bona fide buyer (or transferee) of a disqualified retail food store or wholesale food concern can accept food stamps, if otherwise eligible. All other buyers would be ineligible to accept food stamps until the outstanding penalty is paid.

(e) The *Senate* amendment prohibits the Secretary from requiring, as the result of a sale or transfer of a disqualified store or concern, that the buyer (or transferee) furnish a bond to be authorized to accept food stamps. (Sec. 1430(b).)

(NOTE.—Under existing law, the Secretary may require a store or concern that has been disqualified to furnish a bond in order to reenter the food stamp program.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(34) Interest on Claims Against States

The *Senate* amendment provides that a State shall be liable for interest on any claim assessed against it under the Food Stamp Act, from the date of a final administrative determination. (Sec. 1432.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(35) Collection of Claims

(a) The *Senate* amendment requires States to pursue "other" methods of collecting overpaid benefits, in addition to seeking cash repayment and reducing any future food stamp benefits, in cases of intentional violation—unless the State demonstrates to the Secretary's satisfaction that other methods are not cost effective. (Sec. 1433(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* amendment permits States to collect overpaid benefits caused by State agency error by reducing future food stamp benefits. Collection by this method would be limited to $10 a month or 10 percent of a household's benefit, whichever results in faster collection. (Sec. 1433(b).)

(NOTE.—Under existing law, States may not use reduction of future benefits as a means of collecting overpaid benefits caused by State agency error.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(36) Food Stamp Intercept of Unemployment Benefits

The *Senate* amendment permits States to collect overpaid benefits in cases of intentional violation by having appropriate amounts withheld from any unemployment compensation due the individual.

Collection of these overissuances (if they have not been collected through reduction in the household's benefit allotment, repayment in cash, or other means) could be by agreement with the individual to have appropriate amounts withheld from any unemployment compensation due, or by court-ordered garnishment.

State food stamp agencies would reimburse unemployment compensation agencies for the cost of collection through the unemployment compensation system. As with other means of collection in cases of intentional violation, States would be authorized to retain 50 percent of any amounts collected through the unemployment compensation system. (Sec. 1434.)

(NOTE.—Social Security Act provisions dealing with unemployment compensation would be amended to allow for this method of collection and to allow the unemployment compensation agencies to require applicants for unemployment compensation to disclose whether they have received an overissuance of food stamps due to intentional violation of the Food Stamp Act or regulations and the overissuance has not been collected.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provisions.

(37) Administrative and Judicial Review

The *Senate* amendment revises the standard that States, retail food stores, and wholesale food concerns must meet in order to have a court temporarily stay an administrative action against them during the pendency of judicial review or any appeal. An applicant for a temporary stay would have to show a likelihood of prevailing on the merits of the case. (Sec. 1435.)

The *Senate* amendment also corrects a spelling error in the Act.

(NOTE.—Under existing law, an applicant must show irreparable injury in order to gain a temporary stay.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to revise the standard of review to include consideration of irreparable harm and likelihood of prevailing on the merits of the case.

(38) State Agency Liability, Quality Control, and Automatic Data Processing

(a) The *Senate* amendment revises the method of calculating the fiscal sanction owed by States with rates of erroneous payment in excess of 5 percent. Effective for erroneous payments made in FY 1986 and following fiscal years, States would be liable for:

> 75 percent of the value of erroneous payments made in excess of the 5-percent threshold, as long as the State's error rate does not exceed 7 percent; and

the full value of erroneous payments made in excess of the 7-percent threshold, plus 75 percent of the value of erroneous payments between 5 and 7 percent.

The Secretary could collect the fiscal sanction by means of a payment by the State, by withholding amounts due the State as the Federal share of administrative costs, or by other means of collection authorized by law (chapter 37, title 31, U.S.C.). (Sec. 1437.)

(NOTE.—Under existing law, fiscal sanctions are based on, and collected by, withholding the Federal share of a State's administrative costs. Specifically, for each percentage point (or portion of a percentage point) by which the State's error rate exceeds 5 percent, the State loses 5 percent of its Federal share of administrative costs. In addition, if a State's error rate exceeds 8 percent, it loses 10 percent of its Federal share of administrative costs for each percentage point (or portion of a percentage point) by which its error rate exceeds 8 percent.)

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provision.

(b) The *House* bill reduces a State's fiscal sanction for erroneous payments by any amount due as the result of "errors" caused by a State's use of correctly processed information received from a Federally sponsored automatic information exchange system, effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *Senate* amendment reduces a State's fiscal sanction (as calculated under the new methodology) by 75 percent of value of improperly issued benefits recovered or collected by the State and remitted to the Federal government. (Sec. 1437.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(d) The *House* bill requires the Secretary, at State request, to waive up to 15 percent of a State's fiscal sanction if the State shows it will devote the amount to be waived to (1) automatic data processing, computerized information, or related systems, or (2) other administrative efforts—as long as these activities are designed to reduce payment error rates and are approved by the Secretary. To obtain a waiver, a State must show to the Secretary's satisfaction that the proposed activities are in addition to those already in place or part of an existing State plan, and that they can be reasonably expected to improve program management, integrity, or efficiency.

An amount expended under this waiver provision could not be used to claim a Federal cost-share under other provisions of law.

If a proposed activity upon which a waiver claim is based is not implemented within 6 months after a target date agreed on by the Secretary and the State, the Secretary would be required to terminate the waiver—except for good cause shown, including food faith efforts made by the State—and the State would again become liable for the amount waived. This procedure for waivers would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(e) The *Senate* amendment requires the Secretary to conduct a study of the food stamp quality control system. The study would examine how best to operate the system to obtain information that would allow States to improve administration, and provide reasonable data on the basis of which Federal funding may be withheld for States with excessive levels of erroneous payments.

The Secretary would also be required to contract with the National Academy of Sciences for a concurrent independent study for the same purposes, and provide to the Academy any relevant information.

Both studies would be due to the Congress not later than 1 year after enactment. (Sec. 1445(a).)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(f) The *Senate* amendment prohibits the Secretary from imposing any reduction in a payment to a State under the Act (i.e., the Federal share of administrative costs) for a 24-month period beginning with the first calendar quarter following enactment.

During this 24-month "moratorium period," the Secretary and States would be required to continue to operate quality control systems and calculate error rates. (Sec. 1445(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to limit the moratorium to 6 months from the date of enactment.

(g) The *Senate* amendment requires the Secretary to publish regulations restructuring the food stamp quality control system not later than 18 months after enactment. In these regulations, the quality control system would be restructured to the extent the Secretary determines appropriate, taking into account the Secretary's study of the system, and the study to be conducted by the National Academy of Sciences (see item (d) above). The Secretary would be required to implement the restructured quality control system beginning with the first calendar quarter after the 24-month moratorium period.

The *Senate* amendment also requires that the Secretary publish regulations (not later than 18 months after enactment) establishing criteria for adjusting reductions in payments to States for quarters prior to implementation of the restructured quality control system. These criteria would take into account the studies of the quality control system and would be used as the basis for eliminating reductions in payments to States not required by the restructured quality control system.

The *Senate* amendment also requires that the Secretary reduce payments to States: (1) in accordance with the special criteria established by regulation for quarters during and prior to the 24-month moratorium period; and (2) in accordance with the restructured quality control system for quarters after the moratorium period. (Sec. 1445(c).)

NOTE.—Under the current quality control system, fiscal sanctions on States with excessive rates of erroneous payments are based on, and collected by reducing, Federal payments to States for administrative expenses. Under the Senate amendment, they are based on levels of erroneously paid benefits and may be collected by reduc-

ing (withholding) the Federal share of administrative costs, or by other means authorized by law.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provisions with an amendment (1) requiring the Secretary to implement the restructured quality control system beginning 24 months after enactment and (2) requiring the Secretary to adjust payments to States in accordance with the special criteria set by regulation for periods prior to implementation of the restructured quality control system and in accordance with the restructured quality control system for quarters after implementation of the restructured system.

(h) The *House* bill requires State to submit data sufficient for the Secretary to determine a payment error rate and the amount of a State's fiscal sanction expeditiously.

The Secretary would be required to make a determination of a State's fiscal sanction, and notify the State, within 9 months of the end of the fiscal year for which the sanction is levied.

The Secretary would be required by initiate efforts to collect fiscal sanctions before the end of the fiscal year following the year for which the sanction is levied—subject to the conclusion of any formal or informal appeal procedure and administrative and judicial review procedures provided for under the Act.

These provisions would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(i) The *House* bill requires the Secretary to develop a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program—after consultation with, and with the assistance of, a State advisory group appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act.

The elements of the plan would include, but not be limited to, intake procedures, eligibility and benefit determinations, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, program reporting, and security and privacy.

The model plan would have to be developed and made available for comment not later than October 1, 1986. The plan would have to be completed, taking into account comments, not later than December 1, 1986. (Sec. 1525(b).)

The *Senate* amendment requires each State to develop and submit a plan for the use of automated data processing and information retrieval systems to administer the food stamp program.

Each plan could have to provide for the automation of such administrative operations as the Secretary considers appropriate, and could provide for automation of intake procedures, eligibility determinations, calculation of benefits, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, program reporting, and other appropriate administrative operations.

State plans would have to be developed and submitted to the Secretary not later than October 1, 1986. (Sec. 1446(a).)

The *Conference* substitute establishes revised provisions governing automated data processing and information retrieval activities in the food stamp program, incorporation aspects of the *House* and *Senate* provisions.

Under the *Conference* substitute, the Secretary is required to develop a model plan for the comprehensive automation of data processing and computerization of information systems under the food stamp program—after consultation with, and with the assistance of, a State advisory group appointed by the Secretary without regard to the provisions of the Federal Advisory Committee Act. The model plan is required to be developed and made available for comments not later than October 1, 1986. The plan must be completed, taking into account comments, not later than February 1, 1987.

The *Conference* substitute further provides that the elements of the model plan may include intake procedures, eligibility and benefit determinations, verification procedures, coordination with related Federal and State programs, issuance of benefits, reconciliation procedures, the generation of program notices, and program reporting. In developing the model plan, the Secretary is required to take into account systems already in existence and provide for consistency with such systems.

The *Conference* substitute provides that each State is required to develop and submit a plan, which shall become a part of the State's overall plan of operations, for the use of automated data processing and information retrieval systems in their administration of the food stamp program, taking into account the Secretary's model plan. The State plans must also provide time-frames for completion of the phases of the State plan. If a State has a sufficient automated data processing and retrieval system, the State plan may reflect its existing system, subject the Secretary's approval. State plans are required to be developed and submitted not later than October 1, 1987.

(i) The *House* bill authorizes the Secretary to pay 90 percent of the planning, design, development, and installation costs of automatic data processing and information retrieval systems that:

the Secretary determines will asset in meeting the requirements of the Food Stamp Act;

meet conditions prescribed by the Secretary;

are likely to provide more efficient and effective administration;

will be compatible with AFDC systems; and

satisfy the elements of the Secretary's model automation and computerization plan.

The 90-percent cost-sharing authorization would be effective for FY 1986 and following fiscal years. (Sec. 1525(a).)

NOTE.—Under existing law, the Secretary is authorized to pay 75 percent of the above-noted automation and computerization costs for systems meeting the first 4 of the above-noted criteria. This would be retained under the House bill.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute deletes the House provisions.

(k) The *House* bill requires the Secretary to prepare and submit to Congress an evaluation of the degree and sufficiency of each

State's automated data processing and computerized information systems—not later than April 1, 1987.

The evaluation would have to include, for each State, an analysis of additional steps needed to achieve effective, cost-efficient, and secure data processing and information systems.

The evaluation would have to be periodically updated. (Sec. 1525(b).)

The *Senate* amendment contains the same provision except that the Secretary is required to prepare and submit to the House and Senate Committee's an evaluation of the sufficiency of each State's plan for use of automated data processing and information retrieval systems, and the evaluation does not include a reference to system security. (Sec. 1446(a).)

The *Conference* substitute requires the Secretary to submit to Congress an evaluation of the degree and sufficiency of each State's automated data processing and computerized information systems, and each State's plan for use of automated data processing and information retrieval systems, not later than April 1, 1988. The evaluation report is required to include an analysis of any additional steps needed for States to achieve effective and cost-efficient systems, and is required to be periodically updated.

(l) The *House* bill permits the Secretary to require a State agency to take specified steps to automate data processing systems or computerized information systems—based on the Secretary's findings in any of his periodic reports evaluating State's implementation of these systems, and if the Secretary finds that, in the absence of these systems, there will be program accountability or integrity problems that will substantially affect program administration.

The *House* bill also provides that failure to comply with a requirement to automate systems would subject a State to the Act's provisions for injunctive relief and withholding of Federal funds. (Sec. 1525(b) and (c).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute permits the Secretary to require a State to take specified steps to automate data processing systems or computerize information systems as necessary to rectify administrative shortcomings (except where the steps would displace State computer initiative already under way), based on the findings of the periodic evaluation reports and if the Secretary finds that, in the absence of these systems, there will be program accountability or integrity problems that will substantially affect program administration.

(m) The *Senate* amendment requires States to commence implementation of their plans for use of automated data processing and information retrieval systems not later than October 1, 1987, and complete implementation not later than October 1, 1989.

If a State fails to complete implementation by October 1, 1989, the Secretary would be required to reduce the Federal share of computerization costs by 5 percent for each 6-month period that a State fails to meet the October 1, 1989 deadline.

The Secretary would be permitted to extend the October 1 deadlines. The Secretary would also be permitted to waive or reduce the amount of any required reduction in Federal cost-sharing payments

on the basis of a good faith effort by a State to implement its plan. (Sec. 1446(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute requires States to commence implementation of their plans for automated data processing and information retrieval submitted to the Secretary not later than October 1, 1988, and meet the time-frames set forth in their plans. The Secretary is permitted to extend deadlines for commencement of implementation and meeting plan time-frames to the extent deemed appropriate, based on a finding of a good faith effort to implement a State plan.

The *Conference* substitute further provides that the Secretary is permitted to withhold the Federal share of general administrative costs (and the Federal share of computerization costs), and seek other means of compliance authorized under the Food Stamp Act, if a State does not comply with requirements for submission and implementation of a State plan for computerization.

(39) Geographical Error-Prone Profiles

The *Senate* amendment allows the Inspector General to use quality control information to determine which project areas have payment error rates that impair the integrity of the food stamp program.

The Secretary would be permitted to require a State to carry out new or modified procedures for household certification in project areas identified by the Inspector General, if the Secretary determines that the procedures would improve the integrity of the program and be cost effective.

Not later than 12 months after enactment, and each 12 months thereafter, the Secretary would be required to submit a report that lists project areas identified by the Inspector General and any procedures the Secretary has required to be carried out in these areas to the House and Senate Committees. (Sec. 1438.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to substitute the Secretary for all references to the Inspector General.

(4) Pilot Projects

(a) The *House* bill requires the continuation, on State request, of any existing pilot project involving the payment of food stamp benefits in cash to households composed entirely of persons age 65 or over or entitled to SSI benefits—through FY 1990. (Sec. 1526(a).)

(NOTE.—Under P.L. 99-157, these pilot projects have been continued until Dec. 31, 1985.)

The *Senate* amendment requires the continuation of these pilot projects, on State request, through FY 1989. (Sec. 1439.)

The *Conference* substitute adopts the House provision.

(b) The *Senate* amendment authorizes the Secretary to conduct a pilot project to test the effects of requiring food stamp households to pay cash for the amount of any food stamp purchase between 1 and 99 cents. (Sec. 1440.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(41) Authorization Ceiling; Authority to Reduce Benefits

(a) The *House* bill authorized the following appropriations for programs under the Food Stamp Act:

for FY 1986, $13,584,000,000;
for FY 1987, $14,369,000,000;
for FY 1988, $15,276,000,000;
for FY 1989, $16,142,000,000; and
for FY 1990, $16,985,000,000.

(Sec. 1527.)

The *Senate* amendment authorizes the following appropriations levels:

for FY 1986, $12,984,000,000;
for FY 1987, $13,572,000,000;
for FY 1988, $14,154,000,000; and
for FY 1989, $14,695,000,000.

(Sec. 1441.)

The *Conference* substitute adopts the *Senate* provision with an amendment to establish authorization ceilings as follows: $13,037,000,000 for FY 1986; $13,936,000,000 for FY 1987; $14,741,000,000 for FY 1988; $15,435,000,000 for FY 1989; and $15,970,000,000 for FY 1990. These levels were determined by: (1) using as a base the Congressional Budget Office estimate of the costs of the basic food stamp program in each of those years, taking into account the effect of this Act; and (2) adding to the base 3 percent in FY 1986, 5 percent in FY 1987, 6 percent in FY 1988, and 7 percent in FY 1989 and FY 1990, and (3) adding in the amounts provided for the Puerto Rico block grant.

(b) The *House* bill revises the criteria to be used by the Secretary in deciding if the Secretary will direct benefit reductions. The Secretary would be required to direct benefit reductions if, in any fiscal year, the Secretary finds that benefit requirements will exceed the authorized appropriations level. (Sec. 1527.)

(NOTE.—Under existing law, the Secretary is to direct benefit reductions if the Secretary finds that benefit requirements will exceed the appropriation provided.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(42) Transfer of Funds

The *Senate* amendment prohibits the transfer of funds appropriated to carry out the Food Stamp Act to the Agriculture Department's Office of the Inspector General or Office of the General Counsel—effective for FY 1987 and following fiscal years. (Sec. 1442.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

(43) Puerto Rico Block Grant

(a) The *House* bill requires the allocation of the following amounts for Puerto Rico's nutrition assistance block grant:

for FY 1986, $825,000,000;
for FY 1987, $862,000,000;
for FY 1988, $898,000,000;

for FY 1989, $936,000,000; and
for FY 1990, $974,000,000.
(Sec. 1528.)

(NOTE.—Under existing law, the annual allocation for Puerto Rico is $825,000,000.)

The *Senate* bill continues the authorization for Puerto Rico's nutrition assistance block grant at $825 million through fiscal year 1989.

The *Conference* substitute adopts the House provision with an amendment to provide for Puerto Rico's nutrition assistance block grant as follows:

for FY 1986, $825,000,000;
for FY 1987, $852,750,000;
for FY 1988, $879,750,000;
for FY 1989, $908,250,000; and
for FY 1990, $936,750,000.

(b) The *House* bill removes the requirement that Puerto Rico pay 50 percent of any administrative expenses for which its block grant is used. (Sec. 1528.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(c) The *Senate* amendment changes the date by which Puerto Rico must submit its annual plan of operation—from July 1 to April 1 of the year preceding the year it is submitting its plan for. (Sec. 1443.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(44) Feasibility Study

The *House* bill requires the Secretary to conduct a study to determine the feasibility of extending the food stamp program to American Samoa—to be prepared and submitted to the House and Senate Committees not later than April 1, 1986.

The feasibility study would determine the various economic and demographic circumstances of the people of American Samoa and analyze features of the food stamp program that would have to be revised to ensure an effective and efficient program in light of circumstances peculiar to American Samoa. (Sec. 1529.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(45) Commodity Distribution

(a) The *House* bill extends through FY 1990 the authority of the Secretary to purchase and distribute commodities with funds appropriated from the general funds of the Treasury to maintain the traditional level of assistance distribution to institutions, supplemental feeding programs, summer camps, the Pacific Islands Trust Territory, Indian reservation, and in the case of disasters. (Sec. 1530(a)(1).)

The *Senate* amendment extends this authority through FY 1989. (Sec. 1451(a).)

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment allows public or private, nonprofit organizations receiving commodities under section 32 of the Act of

August 24, 1935 to transfer such commodities or products to other public or private nonprofit organizations that can use them without cost or waste to provide nutrition assistance to low-income persons. (Sec. 1450.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(46) Commodity Supplemental Food Program

(a) The *House* bill extends the authority for the two low-income elderly pilot projects authorized in current law as well as an additional existing project—effective Oct. 1, 1985.

The *House* bill also requires that, as of the date of enactment, any CSFP project serving the elderly be allowed to continue commodity distribution to low-income elderly people under such programs on the date of enactment to continue such distribution at levels no lower than existing caseloads. (Secs. 1530(b)(1) and 1530(c).)

(NOTE.—Section 5 of the Agriculture and Consumer Protection Act of 1973 specifically authorizes two pilot projects for low-income elderly. However, based on appropriations Acts, three such pilot projects have been operated under this authority.)

The *Senate* amendment revises current law to specify authorization of three, instead of two, pilot projects for low-income elderly—through September 30, 1989. (Sec. 1452(a)(1) (A) and (B).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill extends through FY 1990 the authorization for administrative funds for required and bonus commodities distributed under the CSFP. (Sec. 1530(b)(2).)

The *Senate* amendment extends this authority through FY 1989. (Sec. 1452(a)(2).)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill provides that funds for the administrative costs of bonus commodities be available in an amount equal to 15 percent of (1) the appropriation for CSFP, and (2) the value of all additional (i.e., "bonus") commodities distributed to CSFP participants. (Sec. 1530(d).)

(NOTE.—Current law sets this amount at 15 percent of the value of only the bonus commodities included in the CSFP food package. USDA does not count bonus commodities as part of the CSFP food package, and consequently administrative funds for bonus commodities distributed to CSFP participants are not eligible for administrative funds.)

The *Senate* amendment contains no comparable provision, thus maintaining current law.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill permits local agencies administering CSFP projects to provide commodities to low-income elderly persons, under terms and conditions set by the Secretary to ensure that (1) such assistance does not serve to restrict or reduce assistance to eligible women, infants, and children; and (2) local agencies do not terminate or reduce assistance to women, infants, and children in order to provide assistance to the elderly. (Sec. 1530(b)(4).)

The *Senate* amendment permits local agencies, with the approval of the Secretary, to provide commodities to low-income elderly if

the local agencies determine that the funds they receive are in excess of what is necessary to serve eligible, women, infants, and children. The Secretary would set the terms and conditions for such participation by low-income elderly. (Sec. 1452(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment that provides the Secretary with authority to define low-income elderly persons, but deletes the authority for the Secretary to establish other terms and conditions as to the participation of low-income elderly persons.

The Secretary's approval of a local site's request to serve elderly persons would be based only upon a determination (1) that the local site has adequate funding to serve elderly persons without disadvantaging women and children; and (2) that the local site has properly defined what low-income elderly persons they will serve.

(e) The *House* bill requires the Secretary to approve, in any fiscal year, applications for additional CSFP sites in areas where the program does not operate—to the extent that (1) appropriations are available and (2) such approval does not reduce existing levels of participation by women, infants, children, and low-income elderly. (Sec. 1530(b)(4).)

The *Senate* amendment requires approval of additional applications for eligible CSFP projects if the Secretary determines that the amount of funds appropriated for the program exceeds the needs of existing sites. In making such determinations, the Secretary would be required to consider the funding needs of existing sites for both the current and succeeding fiscal years. (Sec. 1452(b).)

The *Conference* substitute adopts the *House* provision.

(f) The *House* bill requires the Secretary to provide information on the CSFP and its application procedures to agencies that could operate the program in areas covered by neither the CSFP nor the WIC programs. (Sec. 1530(b)(4).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

SUBTITLE B—COMMODITY DISTRIBUTION PROVISIONS

(47) Emergency Feeding Organizations-Definitions

The *House* bill incorporates into the law the current regulatory term "emergency feeding organizations" used to define the types of organizations eligible for priority receipt of commodities and Federal funding assistance for distribution costs.

These would be included in the statute as follows: including the activities and projects of charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies. (Sec. 1601.)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(48) Availability of Commodities

(a) The *Senate* amendment authorizes the Secretary to make section 32 surplus commodities available to TEFAP agencies. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adapts the *Senate* provision.

(b) The *Senate* amendment specifies that commodities made available include, but not be limited to dairy products, wheat, or wheat products, rice, honey, and cornmeal. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* amendment requires that beginning January 1, 1986, the Secretary submit a semiannual report on the types and amounts of commodities made available for distribution under the program. These reports are to be submitted to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry. (Sec. 1453(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to delay reporting requirements to April 1, 1986.

(49) Repeal of Provisions Relating to the Food Security Wheat Reserve.

The *House* bill repeals the current law provisions relating to use of wheat from the food security wheat reserve for TEFAP distribution. (Sec. 1602.)

(NOTE.—Use of wheat from the reserve is conditional upon its being replaced by no later than October 1, 1985. Thus, the current law provision does not allow for the use of wheat from the reserve after that date.)

The *Senate* amendment contains no provision, thus maintaining the current law provisions relating to use of the food security wheat reserve.

The *Conference* substitute adopts the *House* provision.

(50) Distribution of Surplus Commodities

(a) The *House* bill specifies cheese, nonfat dry milk, and wheat as being among those commodities made available to domestic food assistance programs at no charge or credit when available in CCC inventories. (Sec. 1611.)

The *Senate* amendment specifies the inclusion of dairy products, wheat or wheat products, rice, honey and cornmeal as being among the CCC commodities made available at no charge or credit to food assistance programs. (Sec. 1454.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill extends through September 30, 1987 the requirement for the Secretary to enter into processing agreements with private companies for reprocessing bonus commodities into end-use products. (Sec. 1611.)

(NOTE.—The *House* bill repeals all references to processing agreements in the TEFAP Act and includes all provisions for such agreements under sec. 1411(a) of the Agriculture and Food Act of 1981.)

The *Senate* amendment extends this requirement through June 30, 1987. (Sec. 1453(f).)

The *Conference* substitute adopts the *Senate* provision.

Since this Act extends the National Commodity Processing program for two years, it is not necessary for the Department of Agriculture to mandate by regulation that States establish their own bonus commodity processing program. The Secretary of Agriculture should continue efforts to improve the accountability in processing

activities and encourage expansion of the commodity processing of all USDA donated foods.

(c) The *House* bill requires private companies participating in processing agreements to annually settle all accounts with the Secretary and appropriate State agencies regarding commodities processed under such agreements. (Sec. 1611.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(51) State Cooperation

(a) The *House* bill permits State agencies receiving TEFAP commodities to enter into cooperative agreements with each other to provide for either joint provision or transfer of commodities to an emergency feeding organization when such organization serves needy persons in a single geographical area that is situated in each of such States. (Sec. 1604.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *Senate* amendment requires each State agency to encourage distribution of TEFAP commodities in rural areas. (Sec. 1453(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(52) Authorization for Funding and Related Provisions

(a) The *House* bill authorizes $50 million for each of fiscal years 1986 and 1987 for the Secretary to make available to the States for State and local costs of TEFAP commodity distribution by emergency feeding organizations. (Sec. 1606.)

The *Senate* amendment contains the same provision. (Sec. 1453(d).)

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill provides that it is the sense of Congress that any Federal funds appropriated in excess of the $50 million authorized for commodity distribution costs be available to a State only to the extent that such State and local governments therein provide an equivalent amount of funds and/or value of in-kind contributions and services. (Sec. 1606.)

The *Senate* amendment requires that beginning January 1, 1987, in order to be eligible for Federal funds for storage and distribution costs, States match each dollar of such Federal funds made available to them.

(NOTE.—Committee report language specifies that this matching requirement does not have to consist of State appropriated funds, but may be made up from other State or local funds. The report explicitly prohibits the use of in-kind contributions to meet this matching requirement.)

The *Conference* substitute adopts the *Senate* provision with an amendment to (1) require State matching on a dollar for dollar basis effective January 1, 1987, except for States that have no regular session of their State legislature by that time, the deadline would be October 1, 1987; (2) limit the matching requirement to those funds that a State retains at the State level and devotes to State-level activities. To the extent the State pays for the direct ex-

penses of local distribution (as provided in item 52(d)), the matching requirement would not apply. (3) In determining whether the State match has been met, in-kind contributions by the State would be counted according to procedures by the Secretary for certifying these contributions; and (4) Federal funding would be provided in advance based upon the State's matching contribution or, if necessary, an estimate of the State's expected matching contribution, with reconciliation of the actual amount due the State to occur by the end of the fiscal year; and (5) prohibits States from passing on the costs of the State matching requirement to emergency feeding organizations or charging for the commodities.

(c) The *House* bill requires that appropriated funds be allocated to the States on an advance basis in the same proportions as commodities distributed under the Act are allocated to them. It also requires reallocation of unused State funds in the same manner as funds were originally allocated. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the *Senate* amendment maintains the current law provision which does not specify how the Secretary is to allocate funds. By current regulation, such funds are distributed to States primarily on a reimbursement basis, and under the same allocation formula as that used for the allocation of commodities (i.e. 60 percent based on State proportion of all persons in poverty and 40% based on State proportion of all unemployed persons.)

The *Conference* substitute adopts the *House* provision with an amendment requiring that funds be provided in proportions that approximate commodity distribution. The amendment would also require reallocation of unused State funds but deletes the requirement that they be reallocated in the same manner as funds were originally allocated.

(d) The *House* bill requires that no less than 20 percent of the funds allocated to a State be made available to emergency feeding organizations to pay for, or provide advance payments to cover the direct expenses of such agencies in distributing commodities to needy persons. The amount of any payment made by the State from its own funds to cover the direct expenses of an emergency feeding organization is counted toward meeting the 20 percent requirement, and direct costs are defined to include costs of transporting, storing, handling and distributing commodities after they have reached the organization, costs associated with determinations of eligibility, verification and documentation, costs of recordkeeping, auditing and other required administrative procedures. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the *Senate* amendment maintains current law, which requires that no less that 20 percent of the funds appropriated be made available for paying or providing advance payments to cover the actual costs of emergency feeding organizations.)

The *Conference* substitute adopts the *House* provision with an amendment to specify that emergency feeding organizations receive 20 percent of the funds allocated to a State only if their actual expenses equal that amount, as approved by the State.

(e) The *House* bill prohibits the use of Federal funds for costs other than those involved in covering expenses related to the distri-

bution of commodities by emergency feeding organizations. It also requires States to submit financial reports on the use of such funds to the Secretary on a regular basis. (Sec. 1606.)

The *Senate* amendment contains no comparable provision.

(NOTE.—In effect, the Senate amendment extends the current law which establishes a priority for receipt of TEFAP commodities by emergency feeding organizations. The limited amount of TEFAP commodities and high demand by emergency feeding organizations has effectively precluded other agencies from receiving such commodities, and hence administrative funding for their distribution. Federal regulations also prohibit the use of such funds for commodity distribution by other agencies. These are based on the intent of the Congress as expressed during the debate on the TEFAP Act of 1983. Current law also includes a provision prohibiting local agencies from receiving more than 5 percent of the value of the commodities that are received.)

The *Conference* substitute deletes the *House* provision.

(53) Reauthorizations

(a) The *House* bill requires that as early as feasible, but no later than the beginning of each of fiscal years 1986 and 1987, the Secretary publish in the Federal Register an estimate of the types and amount of commodities that the Secretary anticipates will be made available during each such fiscal year. (Sec. 1607.)

The Senate amendment contains a comparable provision. (Sec. 1453(a).)

The *Conference* substitute adopts the *House* provision with an amendment to require publication in the Federal Register no later than the beginning of fiscal year 1987.

(b) The *House* bill requires the Secretary to establish regulations setting liability standards for loss of program commodities in cases where there is no evidence of negligence or fraud and conditions for payment to cover such loss. The regulations are to take into consideration the special needs and circumstances of emergency feeding organizations, including use of volunteers, limited financial resources and the effect that sanctions might have on such organizations ability to meet the food needs of low-income populations. (Sec. 1607.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete reference to the types of special circumstances and needs of emergency feeding organizations the Secretary may consider if the Secretary issues regulations to set standards for liability for commidity losses.

(54) Program Termination

The *House* bill provides that the program terminate on September 30, 1987. (Sec. 1608.)

(NOTE.—The *House* bill reauthorizes commodity processing contracts and administrative funding for CSFP under other Acts.)

The Senate amendment contains the same provision. (Sec. 1453(f).)

The *Conference* substitute adopts the *House* provision.

(55) TEFAP Report

The *House* bill requires that not later than April 1, 1987, the Secretary report to Congress on the activities of the TEFAP program. The report is to include information on the volume and types of commodities distributed; the types of State and local agencies receiving commodities; the populations served by the program and their characteristics; the Federal, State and local costs of commodity distribution operations; and the amount of Federal funds provided to cover State and local costs. (Sec. 1609.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(56) Donations by Military Commissaries

The Senate amendment allows a commissary store of the Department of Defense to donate surplus, unmarketable food to a local food bank. (Sec. 1455.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the Senate provision.

SUBTITLE C—NUTRITION AND MISCELLANEOUS PROVISIONS

(57) Cash-in-Lieu of Commodities and Commodity Letters of Credit

The Senate amendment allows school districts which participated in the pilot project study of cash in lieu of commodities and commodity letters of credit to continue receiving this alternative form of assistance through June 30, 1987. Also requires that such school districts be provided bonus commodities to the same extent as other school districts, and that such bonus commodities be made available in the form of their cash value, or through a letter of credit for school districts eligible for these forms of assistance. (Sec. 1456.)

The *House* bill contains no comparable provision.

(NOTE.—H.R. 7, as passed by the *House*, includes a provision that would extend the eligibility of pilot project schools to receive commodity assistance in the form of cash or commodity letters of credit through June 30, 1987. However, it specifies that bonus commodities be provided in the same form as bonus commodities made available to other schools. This provision also requires the Secretary of Agriculture to provide cash compensation to a school district participating in the pilot project study for losses it sustained as a result of the alteration of methodology used to conduct the study during the 1982–1983 school year. This change in methodology was related to the issue of receipt of bonus commodities.)

The *Conference* substitute adopts the *Senate* provision with an amendment that cash-in-lieu schools can receive bonus commodities to the same extent as other school districts, but only in the form of commodities (no cash or letter of credit).

(58) Gleaning of Fields

The *Senate* amendment contains findings that:

emergency food providers help needy persons at no Government cost;

gleaning is a partnership through which food producers permit nonprofit organizations to collect food that has not been harvested for distribution to the needy;

support for gleaning is found in the Judeo-Christian heritage;

a 1977 General Accounting Office estimated substantial amounts of food remained unharvested and that the diets of millions of persons could have been supplemented with this unharvested food;

a number of States and local governments have enacted laws limiting the liability of food donors as an incentive for food contributions; and

numerous organizations have begun gleaning programs;

The *Senate* amendment also expresses the sense of Congress that (1) food producers who permit gleaning and organizations that glean fields for distribution to the needy should be commended for their efforts, and (2) State and local governments should be encouraged to enact tax and other incentives to increase the number of producers permitting gleaning and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce. (Sec. 1457.)

The *House* bill contains no comparable provisions.

(NOTE.—The *House* committee report (page 180) includes a similar commendation for producers and organizations, and a similar encouragement for tax and other incentives for gleaning activities.)

Th *Conference* substitute adopts the *Senate* provision.

(59) Effective and Implementation Dates

(a) The *Senate* amendment makes all amendments provided for in title XIV (relating food stamps and commodity distribution) effective on enactment, except as otherwise provided. (Sec. 1460(a).)

(NOTE.—Separate effective dates, as previously described, are provided for:

the amendment relating to sales taxes on food stamp purchases (effective, as to any State, on October 1 of the year during which the first session of the State legislature is convened following enactment);

the amendment relating to repeal of certain provisions dealing with Low-Income Home Energy Assistance Act recipients and the amendment relating to use of a "combined" standard utility allowance (effective one day after enactment);

the amendment requiring semiannual reports dealing with the types and amounts of commodities made available for distribution under the Temporary Emergency Food Assistance Program (effective January 1, 1986); and

the amendment requiring State matching of Federal funds for distribution costs under the Temporary Food Assistance Program (effective January 1, 1987).)

The *House* bill contains no comparable overall effective-date provision.

(NOTE.—Separate effective dates as previously described, are provided for:

the amendment relating to sales taxes on food stamp purchases (effective October 1, 1987);

the amendments relating to certain excluded income—educational and self-employment income (effective February 1, 1986);

the amendments relating to assistance provided to a third party as part of an AFDC or general assistance program and earned income under the Job Training Partnership Act (effective October 1, 1985);

the amendment relating to an increase in the earned income deduction (effective February 1, 1986);

the amendment relating to an increase in the ceiling on shelter and dependent-care expense deductions (effective February 1, 1986);

the amendment establishing a separate dependent-care expense deduction ceiling (effective October 1, 1986);

the amendment relating to a change in the threshold above which medical expenses may be deducted (effective February 1, 1986);

the amendment increasing the limits on liquid assets (effective October 1, 1986);

the amendments relating to reductions in fiscal sanctions based on use of automatic information exchange systems and funds (up to 15 percent of any sanction) used to improve administration (effective for FY 1986 and fiscal years thereafter);

the amendment relating to extension of authority to distribute commodities (effective October 1, 1985);

the amendments relating to the commodity supplemental food program (effective October 1, 1985);

the amendments relating to required distribution of certain commodities under the Temporary Emergency Food Assistance Program and commodity processing agreements (effective October 1, 1985).)

The *Conference* substitute adopts the *Senate* provision with regard to making provisions effective upon enactment unless otherwise specified.

(b) The *Senate* amendment requires the Secretary to prescribe interim regulations ensuring that the provisions dealings with food stamps and commodity distribution are implemented as soon as practicable after enactment, but in no event later than March 1, 1986—notwithstanding any provisions of the Food Stamp Act of 1977 or the administrative procedure requirements to title V of the United States Code. Any change in the interim regulations made in final regulations would be effective on the date(s) prescribed by the Secretary. (Sec. 1406(b).)

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that final regulations for all provisions must be issued by April 1, 1987.

The conferees intend to allow the Secretary to implement the law consistent with orderly implementation.

(60) Food, Nutrition, and Consumer Education

(a) The *House* bill contains findings that individuals in households eligible to participate in programs under the Food Stamp Act of 1977 and other low-income individuals, including those residing in rural areas, should have greater access to nutrition and consumer education to enable them to use their food budgets, includ-

ing food assistance, effectively and to select and prepare foods that satisfy their nutritional needs and improve their diets.

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(b) The *House* bill requires the cooperative extension services of the States to carry out an expanded program of food, nutrition, and consumer education for low-income individuals. (Sec. 1703.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill provides that the purpose of the expanded program would be to extend food, nutrition, and consumer education services to the greatest practicable number of low-income individuals, in order to assist them to:

increase their ability to manage their food budgets, including any food assistance;

increase their ability to buy food that satisfies nutritional needs and promotes good health; and

improve their food preparation, storage, safety, preservation, and sanitation practices. (Sec. 1702.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(d) In operating the expanded program, the cooperative extension services could use the existing Expanded Food and Nutrition Education Program (EFNEP), other activities of the extension services, and similar activities carried out in collaboration with public or private nonprofit agencies. The cooperative out in collaboration with public or private nonprofit agencies. The cooperative extension services would be encouraged to provide services to as many low-income individuals as possible, to employ educational methodologies and innovative approaches that accomplish the above-noted purposes of the expanded program, and to coordinate activities with the delivery of food assistance to the greatest extent practicable. (Sec. 1703.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

(e) The expanded program would be administered through the Agriculture Department's Extension Service, in consultation with the Food and Nutrition Service and the Human Nutrition Information Service, and the Secretary would be required to ensure that the Extension Service coordinates its activities with other Agriculture Department food, nutrition, and consumer education activities. (Sec. 1704(a).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(f) The Secretary would be required to report to the *House* and *Senate* Committees, not later than April 1, 1989, an evaluation of the effectiveness of the expanded food, nutrition, and consumer education program. (Sec. 1704(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(g) Appropriations for the expanded program are authorized at the following levels, as a supplement to any other funds appropriated for State cooperative extension services' food, nutrition, and consumer education activities:

for FY 1986, $5,000,000;
for FY 1987, $6,000,000;
for FYs 1988, 1989, and 1990, $8,000,000 a year. (Sec. 1705(a).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(h) Funds appropriated for the expanded program of food, nutrition, and consumer education would be allocated among the State cooperative extension services in the manner required by existing law for allocating EFNEP funds in excess of the FY 1981 appropriation level—i.e., (1) 4 percent to be available to the Secretary for administration and technical support; (2) 10 percent to be allocated equally among all States; and (3) the remainder to be allocated based on each State's share of the population with incomes below 125 percent of the Federal poverty levels. (Sec. 1705(b) and (c).)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(61) Nutrition Monitoring

The *House* bill directs the Secretary to:

include a sample that is representative of low-income individuals and, to the extent practicable, collect information on food purchases and other household expenditures by low-income individuals—in conducting the Department's continuing survey of individual food intake and any nationwide food consumption survey;

continue to maintain the Department's nutrient data base, to the extent practicable; and

encourage research by public and private entities relating to effective standards, methodologies, and technologies for accurate assessment of nutritional and dietary status. (Sec. 1711.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

Title XVI—Marketing

Subtitle A—Beef Promotion and Research Act of 1985

(1) Beef Promotion and Research Act of 1985

(a) Definitions

(1) The *House* bill defines the term "beef products" to mean edible products produced in whole or in part from beef, exclusive of milk products. (Sec. 1811(b).)

The *Senate* amendment defines the term "beef products" to mean a product produced in whole or in part from beef, other than milk or milk products. (Sec. 1830.)

The *Conference* substitute adopts the *House* provision.

(2) The *House* bill defines "producer" to mean any person who owns or acquires ownership of cattle. (Sec. 1811(b).)

The *Senate* amendment defines the term "producer" to mean a person who owns cattle. (Sec. 1830.)

The *Conference* substitute adopts the *House* provision.

(3) The *House* bill defines the term "importer" to mean any person who imports cattle, beef, or beef products from outside the United States. (Sec. 1811(b).)

The *Senate* amendment defines the term "importer" to mean a person who imports cattle, beef, or edible beef products into the United States. (Sec. 1830.)

The *Conference* substitute adopts the *House* provision.

(4) The *House* bill defines the term "Department" to mean the Department of Agriculture. (Sec. 1811(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(5) The *Senate* amendment defines the term "order" to mean a beef promotion and research order. (Sec. 1830.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(6) The *Senate* amendment defines the term "State" to mean each of the 50 States. (Sec. 1830.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) Cattlemen's Beef Promotion and Research Board

(1) The *House* bill provides that States (considered under the *House* bill as units) that do not have total cattle inventories equal to or greater than 500,000 head, would be combined and provided collective representation on the Board. (1811(b).)

The *Senate* amendment provides that States that have a total inventory of less than 500,000 cattle per State would be grouped, as far as practicable, into geographically contiguous units each of which has a combined total inventory of not less than 500,000 cattle. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* provision.

(2) The *House* bill provides that the Board would use, to the extent possible, the resources, staffs, and facilities of existing organizations. (Sec. 1811(b).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) Beef Promotion Operating Committee

(1) The *House* bill requires the Beef Promotion Operating Committee to use staff and facilities of the Board and of industry organizations to prevent duplication and inefficient use of funds. (Sec. 1811(b).)

The *Senate* amendment authorizes the Committee to utilize the resources, staffs, and facilities of the Board and industry organizations. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* provision.

(2) The *Senate* amendment requires the Committee in developing plans or projects, to the extent practicable, to take into account similarities and differences between certain beef, beef products, and veal; and ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act. (Sec. 1830.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) The *House* bill provides that a budget developed by the Committee for expenses and disbursements under the Act would be submitted to the Secretary for approval. (Sec. 1811(b).)

The *Senate* amendment provides that no such budget would become effective unless approved by the Secretary. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* provision.

(d) Assessments

The *Senate* amendment provides that if an appropriate qualified State beef council does not exist to collect an assessment, the assessment would be collected by the Board. (Sec. 1830.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) Referendum

The *House* bill provides that a referendum would be held no later than *24* months following implementation of the order among cattle *producers* to ascertain whether the order would be continued. (Sec. 1811(b).)

The *Senate* amendment provides that a referendum would be held on later than *18* months after the issuance of the order among persons who have been *producers or importers* to determine whether the initial order should be continued. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* amendment with an amendment to hold the referendum not later than 22 months after the issuance of the order.

(f) Refunds

The *Senate* amendment provides that during the period prior to the referendum, the Board must establish and fund an escrow account to be used for assessment refunds.

The amount of funds placed in the escrow account by the Board would equal the product of (1) the total amount of assessments collected during the period by (2) the greater of (A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or (B) 20 percent.

Any person would have the right to demand and receive from the Board a one-time refund of the assessment collected from that person during the period prior to the referendum if the person is responsible for paying the assessment and does not support the program established.

The demand for a refund would be made in accordance with regulations, on a form, and within a time period prescribed by the Board. The refund would be made on submission of proof satisfactory to the Board that the producer, person, or importer paid the assessment for which refund is sought and did not collect the assessment from another producer, person, or importer.

If the amount in the escrow account required to be established is not sufficient to refund the total amount of assessments demanded by all eligible persons and the continuation of an order is approved pursuant to the referendum, the Board would be required to continue to place funds in the account from assessments collected

until the Board was able to comply with the refund request and to provide to all eligible persons the total amount of assessments demanded.

If the amount in the escrow account is not sufficient to refund the total amount of assessments demanded and the continuation of an order is not approved pursuant to the referendum, the Board must prorate the amount of the refunds among all eligible persons who demand a refund. (Sec. 12.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to reduce the escrow amount specified to 15 percent.

(g) Enforcement

The *House* bill provides for a civil penalty of not more than $1,000 for violation of the order. (Sec. 1811(b).)

The *Senate* amendment provides for a civil penalty of not more than $5,000 for violation of the order. (Sec. 1830.)

The *Conference* substitute adopts the *Senate* provision.

(h) Effective date

The *House* bill provides that the effective date is October 1, 1985. (Sec. 1811(c).)

The *Senate* amendment provides that the effective date is January 1, 1986. (Sec. 1831.)

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE B—PORK PROMOTION, RESEARCH, AND CONSUMER INFORMATION ACT OF 1985

(2) Pork Promotion, Research, and Consumer Information Act of 1985

(a) Short title

The *House* bill designates this subtitle as the "Pork Promotion, Research, and Consumer Information Act of 1985". (Sec. 1821.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) Findings and declaration of purpose

The *House* bill provides that producers who are organized in a federation by county, State, and national associations produce pork and pork products. (Sec. 1822(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) Definitions

(1) The *House* bill defines the term "Board" to mean the National Pork Producers Board of Directors. (Sec. 1823(13).)

The *Senate* amendment defines the term "Board" to mean the National Pork Board. (Sec. 1802.)

The *Conference* substitute adopts the *Senate* provision.

(2) The *House* bill defines the term "Committee" to mean the National Pork Producers Executive Committee. (Sec. 1823(14).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(3) The *House* bill defines the term "gross amount of checkoff" to mean the total amount of assessment collected throughout the United States in any applicable time period. (Sec. 1823(18).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(4) The *Senate* amendment defines the term "imported" to mean entered, or withdrawn from a warehouse for consumption, in the customs territory of the United States. (Sec. 1802(4).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(5) The *House* bill defines the term "marketing" to mean the sale or other disposition in commerce of pork or pork products. (Sec. 1823(11).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(6) The *House* bill defines the term "porcine animals" to include swine raised for seedstock. (Sec. 1823(1).)

The *Senate* amendment defines the term "porcine animal" to include a swine raised for breeding purposes. (Sec. 1802(8).)

The *Conference* substitute adopts the *House* provision.

(7) The *Senate* amendment defines the term "State association" to include, if a State association does not exist on the effective date of this subtitle, an organization that represents not fewer than 50 pork producers who market annually, in the aggregate, not less than 10 percent of the volume (measured in pounds) of porcine animals marketed in the State. (Sec. 1802(16).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(8) The *Senate* amendment defines the term "to market" to mean to sell or to otherwise dispose of a porcine animal, pork, or pork product in commerce. (Sec. 1802(17).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) The *Senate* amendment defines the term "United States" to include the District of Columbia. (Sec. 1802(18).)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(d) Pork and pork product orders

(1) The *Senate* amendment provides that an order issued and amended by the Secretary of Agriculture under this subtitle would be applicable to persons engaged in the importation of porcine animals, pork, or pork products into the United States. (Sec. 1803(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(2) The *Senate* amendment provides that the Secretary is authorized to issue such regulations as are necessary to carry out this subtitle. (Sec. 1803(b).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) Notice and hearing

(1) The *House* bill provides that any person who might be affected by this subtitle may submit a proposal for an order. (Sec. 1825.)

The *Senate* amendment provides that the National Park Board or a person affected by the subtitle may submit a proposal for an initial order. (Sec. 1804.)

The *Conference* substitute adopts the *House* provision.

(2) The *House* bill provides that the Secretary is required to give due notice of and opportunity for a hearing on the proposed order. (Sec. 1825.)

The *Senate* amendment provides that the Secretary is required to give due notice of and opportunity for public comment on the proposed order. (Sec. 1804(2).)

The *Conference* substitute adopts the *Senate* provision.

(f) Findings and issuance of orders

The *House* bill provides that the issuance of an order would be based on a hearing and the evidence introduced at the hearing. (Sec. 1826.)

The *Senate* amendment provides that the issuance of an order would be based on public comment. (Sec. 1805(a).)

The *Conference* substitute adopts the *Senate* provision.

(g) National Pork Producers Delegate Body

(1) The *House* bill provides that within 30 days of the effective date of the order, a National Pork Producers Delegate Body would be established and appointed by the Secretary. (Sec. 1827(b)(1).)

The *Senate* amendment provides that the National Pork Producers Delegate Body would be established and appointed by the Secretary within 45 days of the effective date of the order. (Sec. 1806(a).)

The *Conference* substitute adopts the *Senate* provision.

(2) The *House* bill provides that the Delegate Body would consist of one or more members from each State. (Sec. 1827(b)(1).)

The *Senate* amendment provides that at least 2 producer members would be appointed to the Delegate Body from each State. Additional members to the Delegate Body would be allocated as follows: Shares would be assigned to each State for the 1986 calendar year, on the basis of one share for each $400,000 of farm market value of porcine animals marketed from the State (as determined by the Secretary based on the annual average of farm market value in the most recent 3 calendar years preceding the year), rounded to the nearest $400,000; and for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds) in the State from producers, rounded to the nearest $1,000.

If during a calendar year the number of shares of a State is: less than 301, the State would receive a total of two producer members; more than 300 but less than 601, the State would receive a total of three producer members; more than 600 but less than 1,001, the State would receive a total of four producer members; and more than 1,000, the State would receive four producer members, plus

one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300. (Sec. 1806(b)(2).)

The *Conference* substitute adopts the *Senate* provision.

(3) The *Senate* amendment provides that the Delegate Body would include importers appointed by the Secretary. (Sec. 1806(b)(1).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) The *Senate* amendment provides that the number of importer members appointed to the Delegate Body would be determined as follows: Shares would be assigned to importers for the 1986 calendar year, on the basis of one share for each $575,000 of market value of marketed porcine animals, pork, or pork products (as determined by the Secretary based on the annual average of imports in the most recent 3 calendar years preceding such year), rounded to the nearest $575,000; and for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds from importers), rounded to the nearest $1,000.

The number of importer members appointed to the Delegate Body would equal a total of three members for the first 1,000 shares; and one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300. (Sec. 1806(b)(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(5) The *House* bill provides that nominations of members of the Delegate Body would be submitted by each State association. (Sec. 1827(b).)

The *Senate* amendment provides that not later than 30 days after the effective date of the order, the Secretary would call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body. Each State association would nominate producers who are residents of the State to serve as candidates. Additional producers who are residents of a State could be nominated as candidates of the State by written petition signed by 100 producers or 5 percent of the pork producers in the State, whichever is less. The Secretary would establish and publicize the procedures governing the time and place for filing petitions. After the Secretary had received the nominations, and not later than 45 days after the effective date of the order, the Secretary would call for an election within each State of persons for appointment as producer members of the initial Delegate Body. To be eligible to vote in an election held in a State, a person must be a producer who is a resident of the State.

Notice of each election would be given by the Secretary by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications at least one week prior to the election; and in any other reasonable manner determined by the Secretary. The notice would set forth the period of time and place for voting and any other information the Secretary considered necessary.

Each State would nominate to the Delegate Body the number of producer members authorized for that State. The producers who re-

ceived the highest number of votes in each State would be nominated for appointment as members of the Delegate Body from the State.

After the election of the producer members of the initial Delegate Body, the National Pork Board would administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary. The National Pork Board would determine the timing of an election.

To be eligible to vote in an election in a State, a person must be a producer who is a resident of the State, have paid all assessments due and not have demanded a refund of an assessment.

Prior to the expiration of the term of any producer member of the Delegate Body, the National Pork Board would appoint a nominating committee of producers who are residents of the State represented by the member. The committee would nominate producers of the State as candidates to fill the position for which an election is to be held. Additional producers who are residents of a State could be nominated to fill such positions. (Sec. 1807.)

The *Conference* substitute adopts the *House* provision with an amendment to provide that the order will provide for the establishment and appointment by the Secretary, not later than 60 days after the effective date of the order, of a National Pork Producers Delegate Body. The Delegate Body will consist of—

(A) producers as appointed by the Secretary in accordance with the Act, from nominees submitted by—

(i) in the case of the initial Delegate Body, each State in accordance with the Act, and

(ii) in the case of each succeeding Delegate Body after the initial one, each State association based upon either selection of nominees by such association pursuant to a selection process approved by the Secretary that requires public notice of the process to be given at least one week in advance by publication in a newspaper or newspapers of general circulation in such State and in pork production and agriculture trade publications that provides complete and equal access to the nominating process to every producer who has paid all assessments due under the Act and not demanded a refund under the Act, or an election of nominees conducted in accordance with the Act, or

(iii) in the case of a State that has a State association that does not submit nominations or that does not have a State association, such State in a manner prescribed by the Secretary, and

(B) importers, as appointed by the Secretary in accordance with the Act.

(6) The *House* bill provides that each State entitled to only one Delegate Body member could nominate an alternate who may attend Delegate Body meetings but who would serve only when the member is absent from meeting. (Sec. 1827(b)(1).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(7) The *Senate* amendment provides that a producer member of the Delegate Body may, in a vote conducted by the Delegate Body

for which the member is present, cast a number of votes equal to the number of shares attributable to the State of the member divided by the number producer members from the State. (Sec. 1806(c)(1).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(8) The *Senate* amendment provides that an importer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to the number of shares allocated to importers; divided by the number of importer members. (Sec. 1806(c)(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) The *Senate* amendment provides that members entitled to cast a majority of the votes (including fractions thereof) on the Delegate Body would constitute a quorum. A majority of the votes (including fractions thereof) cast at a meeting at which a quorum is present would be decisive of a motion or election presented to the Delegate Body for a vote. (Sec. 1806(c)(2), (3).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(10) The *Senate* amendment provides that the term of a member of the Delegate Body would continue until the successor of the member, if any, is appointed. (Sec. 1806(d).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(11) The *House* bill provides that at every annual meeting, the President of the National Pork Producers Executive Committee would serve as the Chairman of the Delegate Body. (Sec. 1827(b)(3).)

The *Senate* amendment provides that the President of the National Pork Board would serve as the Chairman of the Delegate Body at each annual meeting or the Delegate Body. (Sec. 1806(e)(2).)

The *Conference* substitute adopts the *Senate* provision.

(12) The *House* bill provides that the members of the Delegate Body would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Delegate Body. (Sec. 1827(b)(4).)

The *Senate* amendment provides that a member of the Delegate Body may be reimbursed by the National Pork Board from assessments collected for transportation expenses incurred in performing duties as a member of the Delegate Body. (Sec. 1806(f).)

The *Conference* substitute adopts the *Senate* provision.

(13) The *House* bill provides that the Delegate Body would nominate eleven pork producer members for appointment to a National Pork Producers Executive Committee from among the members of the National Pork Producers Board of Directors. A majority of the Delegates Body would vote in person to nominate members to the Executive Committee. (Sec. 1827(b)(5).)

The *Senate* amendment provides that the Delegate Body would nominate not less than 23 persons for appointment to a National Pork Board for the first year for which nominations are made, and not less than one and one-half persons (rounded up to the nearest person) for each vacancy on the National Pork Board that requires nominations thereafter. A majority of the Delegate Body would

vote in person in order to nominate members to the National Pork Board. (Sec. 1806(g).)

The *Conference* substitute adopts the *Senate* provision.

(h) National Pork Producers Board of Directors

The *House* bill provides for the establishment and appointment by the Secretary, within 30 days after the effective date of the order, of a National Pork Producers Board of Directors whose primary function would be to serve as liaison between the State associations and the Executive Committee and to counsel with and advise the Executive Committee on policy matters.

The Board of Directors would consist of one member from each State who is also a member of the Delegate Body and who is appointed from nominations submitted by each State association or, if a State association does not submit nominations or if there is no association in a State, from nominations submitted in a manner provided by the Secretary.

Members of the Board of Directors would serve for 3-year terms, with no member serving more than two consecutive 3-year terms, except that initial appointments to the Board of Directors would be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

The Chairman of the Board of Directors would be the President of the Executive Committee.

Members of the Board of Directors would serve without compensation, but would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Board of Directors. (Sec. 1827(c).)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(i) National Pork Producers Executive Committee/National Pork Board

(1) The *House* bill provides for the establishment and appointment by the Secretary of an 11-member National Pork Producers Executive Committee. (Sec. 1827(d)(1).)

The *Senate* amendment provides for the establishment and appointment by the Secretary of a 15-member National Pork Board representing at least 12 States. (Sec. 1808(a)(1).)

The *Conference* substitute adopts the *Senate* provision.

(2) The *House* bill provides that the Executive Committee would consist of pork producers from among the members of the National Pork Producers Board of Directors from nominations submitted to the Secretary by the Delegate Body. (Sec. 1827(d)(1).)

The *Senate* amendment provides that the National Pork Board would consist of producers or importers appointed by the Secretary from nominations submitted by the Delegate Body. (Sec. 1808(a)(2).)

The *Conference* substitute adopts the *Senate* provision.

(3) The *Senate* amendment provides that the term of a member of the National Pork Board would continue until the successor of the member, if any, is appointed. (Sec. 1808(a)(3).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) The *House* bill provides that members of the Executive Committee would be reimbursed for their reasonable expenses incurred in performing their duties as members of the Executive Committee. (Sec. 1827(d)(5).)

The *Senate* amendment provides that the National Pork Board would reimburse a member of the National Pork Board for *reasonable expense* incurred in performing duties as a member of the National Pork Board. (Sec. 1808(a)(6).)

The *Conference* substitute adopts the *Senate* provision.

(5) The *House* bill provides that the Executive Committee would prepare and submit budgets of anticipated expenses to the Secretary, for the Secretary's approval. (Sec. 1827(e).)

The *Senate* amendment provides that no budget of anticipated expenses and disbursements of the National Pork Board would become effective unless approved by the Secretary. (Sec. 1808(e)(3).)

The *Conference* substitute adopts the *Senate* provision.

(j) Assessments

(1) The *House* bill provides that an assessment would be paid to the Executive Committee in the manner prescribed by the order. (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would be paid not later than 30 days after the effective date of the order or at such time as the initial National Pork Board is appointed, whichever occurs later. (Sec. 1809(a)(1).)

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that the order will provide that, not later than 30 days after the effective date of the order such assessment shall be collected and remitted to the Board once it is appointed, but, until that time, to the Secretary, who shall promptly proceed to distribute the funds received by him in accordance with the provisions of the Act, except that the Secretary shall retain the funds to be received by the Board until such time as the Board is appointed pursuant to the Act.

(2) The *House* bill provides that each person who makes payment to a pork producer for porcine animals, pork, or pork products produced in the United States and each importer with respect to imported porcine animals, pork, and pork products would pay an assessment to the Executive Committee. (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would be paid by (1) each producer for each porcine animal for feeder pigs or slaughter produced in the United States that is sold or slaughtered for sale; (2) each producer for each porcine animal for breeding purposes that is sold; and (3) each importer for each porcine animal, pork, or pork product that is imported into the United States.

The assessment would be collected and remitted to the National Pork Board by (1) the purchaser of a porcine animal purchased for feeder pigs or for slaughter that was produced in the United States; (2) the producer of a porcine animal sold for breeding purposes; and (3) each importer for each porcine animal, pork, or pork product that is imported into the United States. (Sec. 1809(a).)

The *Conference* substitute adopts the *Senate* provision.

(3) The *House* bill provides that an assessment would not be paid if the person or importer proves that the assessment was previously paid by any person with respect to such porcine animals, pork, or pork products, (Sec. 1827(g).)

The *Senate* amendment provides that an assessment would not be paid if it is proved to the National Pork Board that an assessment was paid previously by a person for such animal in the same category (i.e., for feeder pigs, breeding purposes, or slaughter), pork, or pork products. (Sec. 1809(a)(3).)

The *Conference* substitute adopts the *Senate* provision.

(4) The *House* bill provides that the initial rate of assessment would be 0.3 percent of the market value of the porcine animals, pork, or pork products involved in the sale or of the imported porcine animals, pork, or pork products. (Sec. 1827(g).)

The *Senate* amendment provides that the initial rate of assessment would be the lesser of 0.25 percent of the market value of the porcine animal, pork, or pork product sold or imported or an amount established by the Secretary based on a recommendation of the Delegate Body. Pork or pork products imported into the United States would be assessed based on the equivalent value of the live porcine animal from which the pork or pork products were produced, as determined by the Secretary. The Secretary would be authorized to waive the collection of assessments on imported pork or pork products if the Secretary determined that the collection would not be practicable. (Sec. 1809(b)(1)(4).)

The *Conference* substitute adopts the *Senate* provision.

(5) The *House* bill provides that the National Pork Producers Council, a non-profit corporation of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 and incorporated in the State of Iowa, would receive an amount equal to 60 percent of the gross amount of the checkoff to use of financing promotion, research, and consumer information plans or projects and for the administrative expenses of that organization. (Sec. 1827(h)(2).)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment explained below.

(6) The *House* bill requires the Executive Committee to retain funds remaining after the distribution of funds to the State associations and the National Pork Producers Council for use in financing promotion, research, and consumer information plans or projects and for administrative expenses. (Sec. 1827(h)(3).)

The *Senate* amendment requires the National Pork Board to receive funds that remain after distribution to the State associations and to use the funds, and any proceeds from the investment of such funds for financing promotion, research, and consumer information plans and projects and for administrative expenses. (Sec. 1809(c)(2).)

The *Conference* substitute adopts the *House* provision with an amendment explained below.

(k) Minimum funding of State associations

The *Senate* amendment provides that in no event may the percentage of assessments distributed to a State association in the case of a State in which there existed a State pork promotion program

as of June 30, 1985, be less than that which is necessary to provide the State association of the State with an amount of funds equal to the amount that would have been collected from production in the State pursuant to the State pork promotion program which existed on June 30, 1985, less the amount of any refunds made to producers in the State and less an amount equal to the sums contributed by the State to national programs in the twelve-month period preceding June 30, 1985. No State would receive an amount less than sixteen and one-half percent of the sum of the assessments collected from production of the State under the Act (Sec. 1809(a).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment.

The amendment agreed to by the Conferees, as noted in items (j)(5), (j)(6), and (k) above, provides that funds collected by the Board from assessments collected under the Act will be distributed and used in the following manner:

Each State association, will receive an amount of funds equal to the greater of the product obtained by multiplying the aggregate amount of assessments attributable to porcine animals produced in a State less that State's share of refunds, by a percentage determined by the Delegate Body, but in no event less than sixteen and one-half percent or, in the case of a State association that was conducting a pork promotion program in the period from July 1, 1984 to June 30, 1985, an amount of funds equal to the amount of funds that would have been collected in the State, had the porcine animals, subject to assessment and as to which no refund was received, been produced from July 1, 1984 to June 30, 1985, and been subject to the rates of assessment then in effect and the rate of return then in effect from such State to the Council described in the Act and other national entities involved in pork promotion, research and consumer information.

A State association shall use such funds and any proceeds form the investment of such funds for financing—

(i) promotion, research, and consumer information plans and projects and

(ii) administrative expenses incurred in connection with such plans and projects.

The National Pork Producers Council will receive an amount of funds equal to—

(i) 37½ percent of the aggregate amount of assessments collected under this section throughout the United States from the date assessment commences pursuant to the Act until the first day of the month following the month in which the Board is appointed pursuant to the Act,

(ii) 35 percent thereafter until the referendum is conducted pursuant to the Act,

(iii) 25 percent until twleve months after the referendum is conducted, and

(iv) no funds thereafter except in so far as it obtains such funds from the Board pursuant to the Act. Each of the amounts determined under clauses (i), (ii), and (iii) would be less the Council's share of refunds.

The Council shall use such funds and proceeds from the investment of such funds for financing—

(i) promotion, research, and consumer information plans and projects, and

(ii) administrative expenses of the Council.

The Board shall receive the amount of funds that remain after the distribution to the State association and the Council.

Each State's share of refunds shall be determined by multiplying the aggregate amount of refunds received by producers in the State by the percentage applicable.

The Council's share of refunds shall be determined by multiplying its applicable percentage of the aggregate amount of assessments by the product of—

(i) an amount determined by subtracting from the aggregate amount of refunds received by all producers the aggregate amount of State share of refunds in every State, and

(ii) the aggregate amount of refunds received by importers.

(i) Permissive provisions

The *House* bill provides that on the recommendation of the Delegate Body or the Executive Committee, an order may contain one or more permissive provisions. (Sec. 1828(a).)

The *Senate* amendment provides that the National Pork Board would be authorized to make a recommendation that an order contain one or more permissive provisions. (Sec. 1810(a).)

The *Conference* substitute adopts the Senate provisions.

(m) Referendum

(1) The *House* bill requires the Secretary to conduct a referendum not earlier than two years, and not later than three years, after the date of enactment of the Act among pork producers who have marketed the equivalent of at least 50 porcine animals a year during a representative period as determined by the Secretary to ascertain whether an order should be continued. An order would be continued only if the order was approved by not less than a majority of the pork producers voting in the referendum. (Sec. 1829(a).)

The *Senate* amendment requires the Secretary to conduct a referendum not earlier than one year and not later than two years after the issuance of the order among persons who have been producers or importers during a representative period, as determined by the Secretary. An order would be continued only if a majority of producers and importers voting in the referendum approved continuation of the order. (Sec. 1811(a)(1), (2), (3).)

The *Conference* substitute adopts the *House* provision with an amendment to provide that for the purpose of determining whether an order then in effect will be continued during the period beginning not earlier than 24 months after the issuance of the order and ending not later than 30 months after the issuance of the order, the Secretary shall conduct a referendum among persons who have been pork producers and importers during a representative period, as determined by the Secretary.

Except as provided in the Act, after the initial referendum, on the request of a number of persons equal to at least 15 percent of persons who have been pork producers or importers during a repre-

sentative period, as determined by the Secretary, the Secretary must conduct a referendum to determine whether such producers or importers favor the termination or suspension of the order.

(2) The *House* bill requires the Secretary to be reimbursed by the Executive Committee from assessments collected for any expenses (other than compensation payable to officers and employees of the United States) in connection with conducting the referendum. (Sec. 1829(b).)

The *Senate* amendment requires the Secretary to be reimbursed by the National Pork Board for any expenses in connection with conducting the referendum. (Sec. 1811(b).)

The *Conference* substitute adopts the *Senate* provision.

(3) The *Senate* amendment requires the referendum and amendments to the referendum to be conducted in the manner prescribed by the Secretary. (Sec. 1811(c), (d).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(n) Suspension and termination of orders

(1) The *House* bill requires the Secretary, on the request of pork producers who have marketed the equivalent of at least 50 porcine animals and comprise at least 15 percent of the pork producer subject to the order, to conduct a referendum to determine whether the producers favor the termination or suspension of the order. (Sec. 1830(b).)

The *Senate* amendment requires the referendum to be held on the request of at least 15 percent of persons who have been producers and importers during a representative period, as determined by the Secretary. (Sec. 1812(b)(1).)

The *Conference* substitute adopts the *Senate* provision.

(2) The *Senate* amendment provides that except with respect to a referendum conducted in connection with an increase in the rate of assessment, the Secretary would not be required to conduct more than one referendum in a 2-year period. (Sec. 1812(b)(2).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(o) Refunds

The *Senate* amendment provides that prior to the approval of the continuation of an order pursuant to a referendum any person would have the right to demand and receive from the National Pork Board a refund of an assessment collected if the person is responsible for paying the assessment and does not support the program established under this subtitle. The demand would be made in accordance with regulations, on a form, and within a time period prescribed by the National Pork Board and approved by the Secretary, but not later than 30 days after the end of the month in which the assessment was paid. The refund would be made not later than 30 days after the demand is received on submission of proof satisfactory to the National Pork Board that the producer, person, or importer paid the assessment for which refund is sought and did not collect the assessment from another producer, person, or importer. (Sec. 1813.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(p) Enforcement

The *House* bill provides that any person who fails to obey a valid cease and desist order issued by the Secretary would be subject to a civil penalty, after opportunity for a hearing on the record, of not more than $5,000 for each offense. (Sec. 1832(b)(3).)

The *Senate* amendment provides that a person who fails to obey a valid cease and desist order issued by the Secretary would be subject to a civil penalty, after an opportunity for a hearing, of not more than $500 for each offense. (Sec. 1815(b)(3).)

The *Conference* substitute adopts the *Senate* provision.

(q) Administrative Provisions

The *House* bill provides that the provisions of this subtitle applicable to an order would be applicable to amendments to orders. (Sec. 1834.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(r) Peemption

(1) The *House* bill provides that this subtitle is intended to occupy the field of promotion, research, and consumer education involving pork and pork products and that any regulation of activities or requirements with respect to the promotion, research, and consumer education involving pork that is in addition to or different from those made under this subtitle may not be imposed by any State. (Sec. 1836.)

The *Senate* amendment provides that this subtitle occupies the field of promotion and consumer education involving pork and pork products and that any regulation of activity (other than the provision of State or local funds for that activity) that is in addition to or different from this subtitle may not be imposed by a State. (Sec. 1817(a), (b).)

The *Conference* substitute adopts the *Senate* provision.

(2) The *Senate* amendment provides that preemption would apply only during a period beginning on the date of the commencement of the collection of assessments and ending on the date of the termination of the collection of assessments. (Sec. 1817(c).)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(s) Effective date

The *Senate* amendment provides that this subtitle would become effective on January 1, 1986. (Sec. 1819.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE C—WATERMELON RESEARCH AND PROMOTION

(3) Watermelon research and promotion

The *House* bill provides for the establishment of an orderly procedure for the development, financing and carrying out of an effective, continuous and coordinated program of research, develop-

ment, advertising, and promotion, designed to strengthen the watermelon's competitive position in the marketplace, and establish, maintain, and expand domestic markets for watermelons. The program would include provisions for—

(A) the issuance and amendment of orders implementing the program;

(B) the establishment by the Secretary of the National Watermelon Promotion Board;

(C) payments of assessments by watermelon producers and handlers;

(D) conducting a referendum among watermelon producers and handlers with respect to whether a plan issued under the program is approved by at least two-thirds of the producers and handlers voting in the referendum, or by the producers and handlers of not less than two-thirds of the watermelons produced and handled during the representative period, and by not less than a majority of the producers and handlers voting in the referendum;

(E) petition, review and enforcement of plans issued under the program; and

(F) authorizing appropriations as may be necessary to carry out the program. (Sec. 1841–1857.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provision.

SUBTITLE D—MARKETING ORDERS

(4) Limitation on authority to terminate marketing orders

The *House* bill, with respect to the termination of any marketing order issued under section 8c of the Agricultural Adjustment Act and in effect on or after July 10, 1985, amends section 8c(16) of the Agricultural Adjustment Act, as reenacted, by adding a provision that the Secretary may not terminate an order for a commodity for which there is no Federal price support unless the Secretary finds that termination is favored by a majority of the producers involved. (Sec. 1862.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to prohibit the Secretary from terminating any marketing order agreement for which termination takes effect prior to January 15, 1986. At least 60 legislative days prior to proposed public notice of the intent to terminate the order or provision, the Secretary shall provide notice of the contemplated action, together with the basis for it, to the *House* and *Senate* agriculture committees.

It is the intent of the Conferees that the Hops Marketing Order shall not be terminated as announced by USDA on July 1, 1985.

It is the further intent of the Conferees that the Secretary of Agriculture shall be required to notify the *House* and *Senate* agriculture committees at such time as he is contemplating the feasibliity of termination of any marketing order or provision thereof in accordance with the statutory requirements of 7 USC 608(c)(16)(A). The Secretary shall notify the Committees of the Congress of any potential termination action contemplated, and prior to a final de-

termination and with due notice, shall take into consideration the views of the Committees in fact-finding and review of the pending recommendations.

The Conferees intend that such notification and consultation precede any formal decision making on the part of the Secretary to terminate any Federal marketing order or provision thereof.

(5) Confidentiality of certain marketing order information

The *House* bill amends section 8d(2) of the Agricultural Adjustment Act, as reenacted, to prohibit the disclosure of any specific item of information furnished to the Secretary by any person or the revealing of the identity of the person. (Sec. 1863.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to prohibit the disclosure of any information for marketing order programs that is categorized as trade secrets and commercial or financial information that comes within the exemption contained in the Freedom of Information Act; except that this information may be released on the authorization of any regulated milk handler to whom such information pertains.

The *Conference* substitute also provides that the Secretary must notify the House and Senate agriculture committees at least 10 legislative days prior to the contemplated release, under law, of names and address of producers participating in marketing orders and agreements along with the basis for making the decision.

The Conferees believe that it is inappropriate for the Department of Agriculture to provide a mailing service, as it has done in the past, to send out private materials utilizing lists of names and addresses of growers gathered under the agricultural Marketing Agreement Act of 1937 and amendments thereto.

It is the Conferees' intent that information such as price data, acreage, production, specific sales data, identity of commodity suppliers specific to each handler, and similar types of information submitted by persons subject to marketing order programs would be kept confidential regardless of the authority utilized by the Secretary or his agents to collect it. In the case of milk market orders, such information may be released on the authorization of any regulated milk handler to whom such information pertains.

SUBTITLE E—GRAIN INSPECTION

(6) Grain standards

(a) The *House* bill requires the Secretary of Agriculture to direct the Federal Grain Inspection Service (FGIS) and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications and to report on the status of these cooperative efforts to the agriculture committees of the *House* and *Senate* not later than December 31, 1985. (Sec. 1867.)

The *Senate* amendment contains a similar provision but requires such reports semi-annually, with the first report due not later than December 31, 1985. (Sec. 1931.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill adds to section 6 of the United States Grain Standards Act new subsections providing that, to protect the qual-

ity of grain exported from the United States, no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain may be recombined with any grain when there is a possibility that the recombined product may be exported from the United States, and that no dockage or foreign material of any origin may be added to any grain that may be exported when the result will be to reduce the grade or quality of the grain or to reduce its ability to resist spoilage. Under the bill, the above prohibitions shall not be construed to prohibit (A) the treatment of grain to suppress, destroy, or prevent insects and fungi injurious to stored grain; (B) the export of dockage or foreign material removed from grain when the dockage or foreign material is pelletized or a part of a processed ration for livestock, poultry, or fish and is exported separately and uncombined with any whole grain; (C) the blending of grain with similar grain of a different grade to adjust the quality of the resulting mixture; (D) the addition to grain of confetti, or any other material that serves the same purpose, in an amount necessary to facilitate identification of ownership or origin of a particular lot of grain; and (E) the addition of any other foreign material that may be determined by the Secretary to be in the interest of grain producers and to be neutral or constructive in achieving the goal of protecting the quality of grain exported from the United States.

Adjustment of the moisture content of grain that may be exported is permitted by the blending of such grain with a similar grain of different moisture content if the difference between the moisture contents of the grains being blended does not exceed 4 percent, but the addition of water to grain that may be exported is prohibited except by aeration of the grain with natural air. (Sec. 1866.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(c) The *House* bill adds to section 4 of the United States Grain Standards Act a provision requiring that if the government of any country requests that moisture content remain a criterion in the official grade designations of grain, such criterion shall be included in determining the official grade designation of grain shipped to such country, and that the Administrator of the FGIS shall issue regulations establishing a new grade for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of such grain. (Sec. 1865.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to delete the requirement that the Administrator of the Federal Grain Inspection Service issue regulations establishing new grades for each type of grain that exceeds the standards in effect on September 30, 1985, for United States No. 1 grade of the grain.

(d) The *Senate* amendment directs the Office of Technology Assessment to conduct a study of United States grain export quality standards and grain handling practices. Such study is to be conducted in consultation with the Secretary of Agriculture, and in accordance with section 3(d) of the Technology Assessment Act of 1972. The Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports;

(3) perform a comparative analysis between (i) the grain quality standards and practices of the United States and the major grain export competitors of the United States; and (ii) the grain handling technology of the United States and the major grain export competitors of the United States; and

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation to requirements that:

(i) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(ii) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(iii) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent.

The *Senate* amendment requires, not later than December 1, 1986, the Office of Technology Assessment to submit to the agriculture committees of the House and Senate a report containing the results of the study, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as appropriate. (Sec. 1944.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that the study would also evaluate the current method of establishing grain classifications, the feasibility of utilizing new technology to correctly classify grains and the impact of new seed varieties on exports and users of grain.

Title XVII—Related and Miscellaneous Matters

Subtitle A—Processing, Inspection, and Labeling

(1) Poultry inspection

Both the *House* bill and the *Senate* amendment require that poultry and poultry products offered for importation into the United States be subject to certain standards applied to products produced in the United States.

The *Senate* amendment requires that poultry and poultry products offered for importation into the United States must have been processed in facilities and under conditions that are the same as

those under which similar products are processed in the United States. (Sec. 1924.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that all poultry, or parts or products, capable of use as human food offered for importation into the United States would be subject to the same inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States.

(2) Inspection and other standards for imported meat and meat food products.

(a) The *House* bill amends the Federal Meat Inspection Act to require that each foreign country from which meat articles from cattle, sheep, swine, goats, horses, mules, or other equines are offered for importation into the United States shall obtain a certification issued by the Secretary of Agriculture stating that the country maintains a program using reliable analytical methods to ensure compliance with the United States standards for residues in such meat articles. Meat articles shall not be permitted entry into the United States from a country without such certification. The Secretary shall revoke any certification if the Secretary determines that the country involved is not maintaining a program that uses reliable analytical methods to ensure compliance with United States residue standards. The consideration of any application for a certification and the review of any such certification must include the inspection of individual establishments. (Sec. 1802.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provider.

(b) The *House* bill authorizes the Secretary to prescribe terms and conditions under which cattle, sheep, swine, goats, horses, mules, and other equines that may have been administered an animal drug or antibiotic not approved for use in the United States may be imported for slaughter and human consumption. If the Secretary determines that the use of an animal drug or antibiotic in any of such livestock is harmful to the health of man and that it is impossible to determine the livestock being imported do not harbor any residue of such animal drug or antibiotic, the Secretary may issue an order forbidding the entry into the United States of such kind of livestock from any country that allows the use of such animal drug or antibiotic in the production of such livestock in such country. (Sec. 1802.)

The *Senate* amendment authorizes the Secretary to prohibit the importation into the United States of any livestock, or any carcass, meat, or meat products of any livestock, if the Secretary determines that such livestock may have been administered any drug (including any antibiotic drug) which has been banned for use in livestock in the United States if (A) the Secretary determines that residues of that particular drug (including any antibiotic drug) threaten the health and safety of United States consumers; and (B) the use of that particular drug (including any antibiotic drug) gives foreign producers of livestock an unfair competitive advantage over United States producers. (Sec. 1927.)

The *Conference* substitute adopts the *House* provision with an amendment to specify that the Secretary may forbid the entry of livestock which has been administered animal drugs or antibiotics banned in the United States.

(3) Potato inspection

The *House* bill requires the Secretary of Agriculture, in order to achieve a significant reduction in the volume of substandard imported Canadian potatoes entering through ports of entry in the northeastern United States, to perform random spot checks on a significant portion of potatoes entering through those ports of entry. The Secretary of Agriculture shall periodically report to the public and to the *House* and *Senate* agriculture committees the results of such spot checks and increase their frequency or take other actions as necessary to achieve and maintain the significant reduction of such substandard imported potatoes. (Sec. 1804.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to require the Secretary of Agriculture to perform random spot checks on potatoes entering through ports of entry in the northeastern United States and to require one report to the House and Senate agriculture committees on the results of the spot checks.

SUBTITLE B—AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

Agricultural Stabilization and Conservation committees

(a) The *House* bill requires the Secretary of Agriculture, in carrying out the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, to use the services of local and State Agricultural Stabilization and Conservation committees. (Sec. 1871.)

The *Senate* amendment is the same except that it also directs that such committees be used as otherwise directed by law with respect to other programs and functions and authorizes the Secretary to use the services of such committees in carrying out other programs and functions of the Department of Agriculture. (Sec. 1911.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill requires the Secretary to designate three local administrative areas in each county, except that the number of local areas may be reduced by the ASC county committee to one in counties with less than 150 farmers, and the Secretary may include more than one county or parts of different counties in a local area where there are insufficient farmers to establish a slate of candidates for a local committee. (Sec. 1871.)

The *Senate* amendment authorizes the ASC county committee for a county, by majority vote, to petition the Secretary to change the number of local areas in the county. On such a petition, the Secretary must change the number of such areas except that it may not result in the number of local areas in a county exceeding the number of such areas in the county on December 31, 1980. (Sec. 1910.)

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill provides that each local administrative area shall have one community committee consisting of at least three members elected to three-year terms, except that there may be more than one committee per area in counties that, on the date of enactment of this bill, have more that three community committees. Only one local administrative area could hold an election in any year in each county. Only farmers within a local area who are producers who participate or cooperate in programs administered within their area are eligible for election to the community committee and to vote in the area election. (Sec. 1871.)

The *Senate* amendment deletes the existing requirement that elections for local committees be held annually and provides that members of local committees shall be elected for a term of three years. (Sec. 1910.)

The *Conference* substitute adopts the *Senate* provision.

(d) The *House* bill provides that ASC community committees must meet at least twice annually. (Sec. 1871.)

The *Senate* amendment requires each local committee to meet once each year and, at the direction of the county committee and with the approval of the State committee, such additional times during the year as may be necessary to carry out section 8(b) of the Soil Conservation and Domestic Allotment Act. The Secretary may not provide compensation or payments to a member of a local committee for work performed at, or travel expenses incurred in attending, more than four meetings of such committee in any year. The meetings of a local committee must be held on different days of the year. (Sec. 1910.)

The *Conference* substitute adopts the *Senate* provision with an amendment providing for one paid meeting per year by the local (community) committees.

(e) The *Senate* amendment specifies the duties of the local committees in each county. Such committees shall (i) in a county in which there is more than one local committee, serve as advisors and consultants to the county committee; (ii) periodically meet with the county committee and State committee to be informed on farm program issues; (iii) communicate with producers within their communities on issues or concerns regarding farm programs, (iv) report to the county committee, the State committee, and other interested persons on changes to, or modifications of, farm programs recommended by producers in their communities; and (v) perform such other functions as are required by law or as the Secretary may specify. The Secretary is required to ensure that information concerning changes in Federal law with respect to agricultural programs and the administration of such laws are communicated in a timely manner to local committees. (Sec. 1910.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(f) The *House* bill provides that community committee members shall serve without pay, but that the Secretary, by regulation, may set levels of, and provide, pay for county committees. (Sec. 1871.)

The *Senate* amendment requires the Secretary to provide compensation to members of local and county committees for work actually performed by such persons in cooperating in carrying out the Acts in connection with which such committees are used. The

rate of compensation received by such persons for such work on the date of enactment of the bill would be required to be increased by 10 percent.

The Secretary must make payments to members of local, county, and State committees to cover expenses for travel incurred by such persons (including, in the case of a member or a local or county committee, travel between the home of such member and the local county office of the Agricultural Stabilization and Conservation Service) in cooperating in carrying out the Acts in connection with which such committees are used. Such travel expenses would be paid in the manner authorized under section 5703 of title 5, United States Code, for the payment of expenses and allowances for individuals employed intermittently in the Federal Government Service. (Sec. 1912.)

The *Conference* substitute adopts the *Senate* provision with an amendment to increase the county committee member compensation in the discretion of the Secretary.

(g) The *House* bill provides that each county shall have a county committee consisting of three members to be elected on a rotating basis—one each year from within one of the three administrative areas in the county and the community committee candidate receiving the greatest number of votes (and who agrees to serve) is automatically to be the county committee member to serve a three-year term. In counties with only one community and in administrative areas containing more than one county or parts of different counties, community and county committee members would be elected for three-year terms in accordance with regulations issued by the Secretary. (Sec. 1971.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(h) The *House* bill requires the Secretary to authorize local and county committee members elected on or before the date of enactment of the bill to serve out their unexpired terms. (Sec. 1871.)

The *Senate* amendment provides that the changes with respect to local committees are to become effective January 1, 1986, except that the changes with respect to election of local committees will not apply with respect to the term of office of any member of a local committee elected before January 1, 1986. Also, if the number of local administrative areas and local committees in a county increases as a result of a change in the numbers of local administrative areas in the county, any member of a local committee in such county elected before January 1, 1986, would serve the unexpired portion of any term commenced before the date of such increase as a member of the local committee for the administrative area in which such member resides. (Sec. 1910.)

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE C—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

(1) Establishment of Commission

(a) The *House* bill provides that the President is required to request Governors of States to nominate members for possible appointment to the National Commission on Agricultural Policy rep-

resenting individuals and industries directly affected by agricultural policies including producers of major agricultural commodities in the United States; processors or refiners of U.S. agricultural commodities; exporters, transporters, or shippers of U.S. agricultural commodities; suppliers of production equipment or materials to U.S. farmers; and consumers of U.S. agricultural commodities. (Sec. 1903(b).)

The *Senate* amendment adds reference to the products of U.S. agricultural commodities in the list of producers, processors, refiners, exporters, transporters, shippers, and consumers of U.S. agricultural commodities. (Sec. 1902(b).)

The *Conference* substitute adopts the *Senate* provision with an amendment to require the Commission to study and report on conditions in rural areas of the United States.

(b) The *House* bill provides that the President may appoint to the Commission not more than 8 individuals of the same political party. (Sec. 1903(b).)

The *Senate* amendment limits to 7 the number of individuals that may be appointed from the same political party. (Sec. 1902(b).)

The *Conference* substitute adopts the *Senate* provision.

(2) Authorization of Appropriations

The *House* bill provides that, to the maximum extent practicable, expenses of the Commission would be carried out using funds available to the Secretary of Agriculture. (Sec. 1907(b).)

The *Senate* amendment provides that, to the maximum extent practicable, this provision would be carried out using funds otherwise available to the Secretary for the expenses of advisory committees. (Sec. 1906(b).)

The *Conference* substitute adopts the *Senate* provision.

(3) Termination

The *House* bill provides that the Commission would terminate 5 years after the date of enactment of the bill (Sec. 1908.)

The *Senate* amendment provides that the Commission would terminate 4 years after the date of enactment of the bill. (Sec. 1907.)

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE D—NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

(1) Short title

The *House* bill provides that title XX may be cited as the "National Aquaculture Improvement Act of 1985." (Sec. 2001.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(2) Findings, purpose, and policy

(a) The *House* bill amends section 2(a)(3) of the National Aquaculture Act of 1980 ("the Act") to update the congressional finding to indicate that approximately 13 percent of all world seafood production is provided by aquaculture. Congressional findings are also modified to indicate that six percent of United States seafood production results from aquaculture. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill amends section 2(a)(7) of the Act to state that, in addition to the currently identified constraints to the development of aquaculture in the United States, other impediments to such development includes both the lack of supportive Government policies and scientific factors. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill amends subsection 2(b) of the Act by adding as a purpose of the Act the establishment of the Department of Agriculture as the lead Federal agency in coordination and dissemination of national aquaculture information by designating the Secretary of Agriculture as the permanent Chairman of the coordinating group and by establishing a National Aquaculture Information Center within the Department of Agriculture. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(d) The *House* bill amends subsection 2(c) of the Act to declare that aquaculture has the potential for reducing the United States trade deficit in fisheries products. (Sec. 2002.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(3) Definitions

The *House* bill amends section 3 of the National Aquaculture Act of 1980 to define "the Secretary" as the Secretary of Agriculture. (Sec. 2003.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(4) National Aquaculture Development Plan

(a) The *House* bill amends subsection 4(a) of the Act to charge the Secretary of Agriculture with the lead responsibility for coordinating the revision of the National Aquaculture Development Plan. In making such revision the Secretary must consult with the Secretaries of Commerce and Interior. The *House* bill also strikes provisions in the Act authorizing establishment of an advisory board to assist in the development of the Plan. (Sec. 2004.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill amends subsection 4(b) of the Act to provide that the National Aquaculture Development Plan is to include such research, assistance, and training programs as the Secretary of Agriculutre deems necessary to carry out the Plan. In formulating the Plan the Secretary is to take into account actions of other agencies and persons. (Sec. 2004.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill amends subsection 4(c) of the Act to reflect the new responsibility of the Secretary of Agriculture for taking the lead in coordinating Plan implementation. The allocation of responsibilities for carrying out the Plan, among other requirements, shall be made with the concurrence of the Secretaries of Commerce and of Interior. (Sec. 2004.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(5) Functions and powers of the Secretaries

(a) The *House* bill amends subsection 5(c) of the Act to require that, in addition to performing such other mandatory functions under the Act, the Secretaries of Agriculture, Commerce, and the Interior must collect and analyze scientific, technical, legal, and economic information relating to aquaculture, including acreages, water use, production, marketing, culture techniques, and other relevant matters. The Secretary of Agriculture shall establish, within the Department of Agriculture, a National Aquaculture Information Center that will serve as a repository for the information generated under the Act, and on a request basis make that information available to the public. The Secretary is also required to (i) arrange with foreign nations for the exchange of information relating to aquaculture and support a translation service, and (ii) conduct a study, and report to Congress by December 31, 1986, on the extent to which the United States aquaculture industry has access to existing Federal agriculture assistance programs. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(b) The *House* bill requires the Secretary of Commerce to conduct a study, and report to Congress thereon by December 31, 1987, to determine whether existing capture fisheries could be adversely affected by competition from products produced by commercial aquacultural enterprises and include in such study an assessment of any adverse effect, by species and by geographical region, on such fisheries and recommend measures to ameliorate any such effect. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(c) The *House* bill requires the Secretary of the Interior, in consultation with the Secretary of Commerce, to undertake a study, and report to Congress thereon by December 31, 1987, to identify exotic species introduced into the United States waters as a result of aquaculture activities, and to determine the potential benefits and impacts of the introduction of the exotic species. (Sec. 2005.)

The *Senate* amendment contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(d) The *House* bill amends subsection 5(c) of the Act to require that any information submitted to the Secretaries of Agriculture, Commerce, and the Interior under the authority to collect information shall be confidential and may only be disclosed if required by court order. The Secretaries shall preserve such confidentiality. The Secretaries may release or make public any information in any aggregate or summary form that does not directly or indirectly disclose the identity, business transactions, or trade secrets of any person who submits such information. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(e) The *House* bill would also amend section 5(d) of the Act to require that the Secretary of Agriculture, in consultation with the Secretaries of Commerce and the Interior, prepare the biennial

report to Congress required by the Act on the status of aquaculture in the United States and on the implementation of, and any revision to, the Plan during the reporting period. The first report would be required by February 1, 1987, and subsequent reports on February 1 of every other year thereafter. (Sec. 2005.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to require a single report, due February 1, 1988.

(6) Coordination of national activities regarding aquaculture

The *House* bill amends subsection 6 of the Act to designate the Secretary of Agriculture as the permanent Chairman of the interagency aquaculture coordinating group. The *House* bill also repeals subsection 6(c) of the Act, which provides for the rotation of the Secretaries of Agriculture, Commerce, and the Interior as the Chairmen of the coordinating group. (Sec. 2006.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(7) Authorization of appropriations

The *House* bill amends section 10 of the Act to authorize appropriations to carry out the Act for each of the fiscal years 1986, 1987, and 1988 at levels of $1 million for the Department of Agriculture, $1 million for the Department of Commerce, and $1 for the Department of the Interior. (Sec. 2007.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

SUBTITLE E—SPECIAL STUDY AND PILOT PROJECTS ON FUTURES TRADING

(1) Findings and declarations of policy

The *Senate* amendment declares the findings of Congress to the effect that there is a need for alternative agricultural price support programs, that agricultural producers are not sufficiently knowledgeable concerning private sector price stabilization, and that more information is needed to assess the impact on the Federal budget of producer participation in private sector risk avoidance services.

The *Senate* amendment also declares the policy of the United States to be that the Department of Agriculture should develop more information concerning possible uses of commodities futures and options markets by agricultural producers in marketing their commodities, the impact that uses of these markets would have on commodity prices received by participating producers, and the feasibility of relating such private sector risk avoidance services with Federal price support programs. (Sec. 1991)

(2) Study by the Department of Agriculture

The *Senate* amendment requires the Secretary of Agriculture to conduct a study to determine how agricultural producers might use commodities futures and options markets to provide commodity price stability and income protection, the extent of the price stability and income protection producers might reasonably expect to receive from participation in these markets, and the impact on the

Federal budget of producer participation in these markets compared with the cost of established agricultural price support programs.

The Secretary is required to report the results of the study to the Senate and House agricultural committees no later than December 31, 1988. (Sec. 1992.)

(3) Pilot program

The *Senate* amendment requires the Secretary of Agriculture to conduct a pilot program in connection with wheat, feed grains, soybean and cotton in at least 40 counties producing reasonable quantities of these commodities traded on the futures and options markets. The Secretary, in cooperation with the futures and options industry and the Chairman of the Commodity Futures Trading Commission, is required to conduct an extensive educational program for producers in the counties selected for the pilot program. Under the pilot program producers could elect to participate in the trading of designated agricultural commodities on a futures or options market in a manner designed to protect and maximize the return on their marketed agricultural commodities. Commodity Credit Corporation funds would be used to assure producers participating in the pilot program a net return for any commodity allocated to the program at no less than the price support loan level for that commodity in the county where it is produced. The Secretary would be required to select an advisory panel of producers, processors, exporters, and futures and options traders on organized futures exchanges to assist in formulation of the pilot program. (Sec. 1993.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE F—ANIMAL WELFARE

Amendments to Animal Welfare Act

(a) Short title

The *Senate* amendment designates this title as the "Improved Standards for Laboratory Animals Act". (Sec. 2001.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate amendment.

(b) Findings

The *Senate* amendment declares the findings of Congress to the effect that the use of animals is instrumental in certain research and education or for advancing knowledge of cures and treatments for diseases and injuries which afflict both humans and animals; methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing; measures which eliminate or minimize the unnecessary duplication of experiments on animals can result in more productive use of Federal funds; and measures which help meet the public concern

for laboratory animal care and treatment are important in assuring that research will continue to progress. (Sec. 2002.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the Senate provision.

The Conference intends that the adequacy of efforts to develop techniques that reduce or eliminate the use of animals be a matter of continuing concern and attention.

(c) Standards and certification process

The *Senate* amendment revises the standards, required to be promulgated by the Secretary of Agriculture, which govern the humane handling, care, treatment, and transportation of animals by dealers, research facilities, and exhibitors.

The *Senate* amendment provides that these standards would include minimum requirements for handling, housing, feeding, watering, sanitation, ventilation, shelter from extremes of weather and temperatures, adequate veterinary care, and separation by species for humane handling, care, or treatment of animals; and for the exercise of dogs and for a physical environment adequate to promote the psychological well-being of primates.

With respect to animals in research facilities these standards would include requirements (A) for animal care, treatment, and practices in experimental procedures to ensure that animal pain and distress are minimized, including adequate veterinary care with the appropriate use of anesthetic, analgesic, tranquilizing drugs, or euthanasia; (B) that the principal investigator considers alternatives to any procedure likely to produce pain to or distress in an experimental animal; (C) in any practice which would cause pain to animals (i) that a doctor of veterinary medicine is consulted in the planning of such procedures; (ii) for the use of tranquilizers, analgesics, and anesthetics; (iii) for pre-surgical and post-surgical care by laboratory workers, in accordance with established veterinary medical and nursing procedures; (iv) against the use of paralytics without anesthesia; and (V) that the withholding of tranquilizers, anesthesia, analgesia, or euthanasia when scientifically necessary would continue for only the necessary period of time; (D) that no animal is used in more than one major operative experiment from which it is allowed to recover except in cases of (i) scientific necessity; or (ii) other special circumstances as determined by the Secretary; and (E) that exceptions to such standards may be made only when specified by research protocol and that any exception would be detailed and justified in a report filed with the Institutional Animal Committee (established under the provisions of the bill).

Nothing in the bill would be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the design, outlines, or guidelines of actual research or experimentation by a research facility or Federal research facility. However, the Secretary would require every research facility to show that professionally acceptable standards governing the care, treatment, and practices on animals were being followed by the research facility during research and experimentation. No rule, regulation, order, or part of this bill would require a research facility to disclose publicly or to the Institutional Animal Committee during its

inspection, trade secrets or commercial or financial information which is privileged or confidential.

The Secretary would require, at least annually, that every research facility and Federal research facility report that the provisions of the bill were being followed.

These research facilities would provide (A) information on procedures which were likely to produce pain or distress in any animal and assurances demonstrating that the principal investigator considered alternatives to those procedures; (B) assurances satisfactory to the Secretary that the facility was adhering to the standards described in this bill; and (C) an explanation for any deviation from the standards promulgated under this bill.

No State would be prohibited from promulgating standards in addition to those standards promulgated by the Secretary under the bill. (Sec. 2003)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that an attending veterinarian would be responsible for ensuring that dogs receive a reasonable amount of exercise according to general standards promulgated by the Secretary of Agriculture.

The Conferees intend the standards for exercise for dogs to offer a variety of possibilities to allow the animal motion. It could consist of regularly letting the dog out of its cage for a period of time, the use of dog runs, or allowing ample room in animal housing.

The intent of standards with regard to promoting the psychological well-being of primates is to provide adequate space equipped with devices for exercise consistent with the primate's natural instincts and habits.

The *Conference* substitute also amends the *Senate* provision to—

(1) except as provided in the Act, prohibit the Secretary from promulgating rules and regulations with regard to designs, outlines, or guidelines of actual research or representations by a research facility as determined by such research facility;

(2) except as provided in the Act, prohibit the Secretary from promulgating rules and regulations or orders with regard to the performance of actual research or experimentation by a research facility as determined by such a research facility;

(3) prohibit the Secretary, during any inspection, to interrupt the conduct of research or experimentation; and

(4) require every research facility and Federal research facility to show upon inspection and to report at least annually that the provisions of this Act are being followed.

While the main purpose of the amendments to the Animal Welfare Act is to improve the authority of the Secretary of Agriculture to insure the proper care and treatment of animals used in research, the conferees are also concerned that responsible research not be interfered with inappropriately. Thus, the conference substitute includes a provision prohibiting Federal inspectors from interrupting the conduct of actual research or experimentation. The language establishes the general areas in which the Secretary may promulgate regulations with regard to the conduct of actual research. These circumstances were made clear so that essential research not be impeded. As in the past, the Committee intends that

the research facility show that professionally acceptable standards are being followed during the actual research or experimentation.

The Conferees intend that the Secretary of Agriculture will consult with the Secretary of Health and Human Services to avoid duplicative reporting requirements where possible.

The Conferees also intend to allow private research facilities to protect their intellectual property rights from disclosure. If such rights, in the opinion of the owner, may reasonably be compromised or subject to disclosure during an inspection of an institutional Animal Committee, the owner may exclude the committee from inspecting the limited area within the facility during such proprietary activity.

(d) Institutional Animal Committee

The *Senate* amendment would require the Secretary to require that each research facility establish at least one Institutional Animal Committee. Each Institutional Animal Committee would be appointed by the chief executive officer of each research facility and would be composed of not fewer than three members. These members would possess sufficient ability to assess animal care, treatment, and practices in experimental research, as determined by the needs of the research facility, and would represent society's concerns regarding the welfare of animal subjects used at the facility.

The Institutional Animal Committee would inspect at least semiannually all animal study areas and animal facilities of the research facility and review as part of the inspection practices involving pain to animals, and the condition of animals, in order to ensure compliance with the provisions of this bill and that pain and distress to animals is minimized. Exceptions to the requirement of inspection of study areas could be made by the Secretary if animals were studied in their natural environment and the study area is prohibitive to easy access.

The Institutional Animal Committee must file an inspection certification report of each inspection at the research facility.

In the case of Federal research facilities, a Federal Institutional Animal Committee would be established and would have the same composition and responsibilities. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to delete all references to "Institutional Animal" after the first referral to the Institutional Animal Committee.

(e) Research facility training

Each research facility would provide for annual training for scientists, animal technicians, and other personnel involved with animal care and treatment in the facility. This training would include instruction on the humane practice of animal maintenance and experimentation; research or testing methods that minimize or eliminate the use of animals or limit animals pain or distress; utilization of the information service at the National Agricultural Library, (established under the provisions of the bill); and include methods whereby deficiencies in animal care and treatment should be reported. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to retain training requirements, but delete references to any "annual" training. The *Conference* substitute also clarifies that such training procedures would be subject to the requirements issued by the Secretary of Agriculture.

The Conferees intend that instruction of research facility employees cover the basic needs of each species appropriate to the conditions of the animals and provide appropriate instructions for scientists as specified in the Act.

All personnel are intended to be acquainted with the provisions of this Act and instructed to report deficiencies promptly to ensure that the institution is in compliance at all times. No employee shall be discriminated against for reporting violations.

(f) Information service

The Secretary would establish an information service at the National Agricultural Library. This service would provide information (A) pertinent to employee training; (B) which could prevent unintended duplication of animal experimentation as determined by the needs of the research facility; and (C) on improved methods of animal experimentation, including methods which could reduce or replace animal use, and minimize pain and distress to animals, such a anesthetic and analgesic procedures. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

The conferees intend that all investigators be provided ready access to methods of research and testing involving fewer or no animals, or reduced pain or distress through the National Agriculture Library in cooperation with the National Library of Medicine. The conferees further intend that the National Agriculture Library maintains a data base of instructional materials to be available to research facilities to enhance uniformity of training.

(g) Loss of Federal funding

In any case in which a Federal agency funding a research project determines that conditions of animal care, treatment, or practice in a particular project have not been in compliance with standards promulgated under this bill, despite notification by the Secretary or the Federal agency to the research facility and an opportunity for correction, the agency must suspend or revoke Federal support. Any research facility losing Federal support would have the right to appeal such loss. (Sec. 2003.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(h) Inspections

The *Senate* amendment requires the Secretary to inspect each research facility at lease once each year and, in the case of deficiencies or deviations from the standards promulgated under the bill, to conduct such follow-up inspections as may be necessary until all deficiencies or deviations from the standards are corrected. (Sec. 2004.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(i) Penalty for release of trade secrets

The *Senate* amendment prohibits the release by any member of the Institutional Animal Committee of any confidential information of the research facility including any information that concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of the research facility. Members of the Committee would also be prohibited from using or attempting to use to a member's advantage, or to reveal to any other person, any information which is entitled to protection as confidential information under these provisions.

A violation of the confidentiality provisions would be punishable by removal from the Committee, and either a fine of not more than $1,000 and imprisonment of not more than one year, or if the violation is willful, a fine of not more than $10,000 and imprisonment of not more than three years.

Any person, including any research facility, injured in its business or property by reason of a violation of the confidentiality provisions could recover all actual and consequential damages sustained. (Sec. 2005.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

The penalities in this Act are directed toward members of the Institutional Animal Committee which attempt to use facility intellectual property to their own benefit. It is not meant to interfere with standard reporting procedures outlined in this Act, or as determined by the Secretary.

(j) Civil penalties

The *Senate* amendment increases the amount of civil penalties authorized under the Animal Welfare Act from $1,000 to $2,500 and from $500 to $1,500 for failure to obey a cease and desist order. The criminal penalty is increased from $1,000 to $2,500. (Sec. 2006).

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(k) Definitions

The *Senate* amendment defines (A) the term "Federal agency" to mean an Exective agency, and with respect to any research facility, it means the agency from which the research facility receives a Federal award for the conduct of research, experimentation, or testing, involving the use of animals; (B) the term "quorum" to mean a majority of the Committee members; and (C) the term "Federal research facility" to mean each department, agency, or instrumentality of the United States which uses live animals for research or experimentation.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to define the term "Federal Award" as any mechanism under which Federal funds are used to support the conduct of research.

The Conferees expect the Secretary of Agriculture to have full responsibility for enforcement of the Animal Welfare Act. However, the Conferees also recognize that a portion of the nation's reseach facilities fall under regulation from more than one agency. While the legislative mandate of each agency is different, and they may regulate different aspects of animal care, it is hoped that the agencies continue an open communications to avoid conflicting regulations wherever possible or practice.

(l) Effective date

The *Senate* amendment provides that these provisions in the bill would take effect 1 year after enactment of the bill.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

The Conferees are aware that zoological institutions already comply with humane care, handling, and transportation regulations promulgated pursuant to the Endangered Species Act, the Marine Mammal Protection Act, and the Migratory Bird Treaty Act. The permitting system established under these statutes are not considered to be Federal awards by this Act. The Conferees do not intend for this Act to alter the Secretary's determination in regard to the classification of zoological institutions as research facilities.

The Conferees intend for the definition of pain to be pain other than slight or momentary, such as that caused by injections or other minor procedures.

The Conferees recognize past difficulties in supplying Animal and Plant Health Inspection Service inspectors with adequate training. It is intended by the Conferees that additional training will be provided.

SUBTITLE G—MISCELLANEOUS

(1) Commodity Credit Corporation storage contracts

The *House* bill amends the Commodity Credit Corporation Charter Act to require that any contract entered into by the Corporation for the use of a storage facility provide (i) that the rental rate charged for an extended term in excess of one year shall be at an annual rate less than that which is charged for a one-year contract; (ii) that any obligation of the Corporation to pay for the use of any space in a facility shall be relieved to the extent that the Corporation does not use the space and payment is made by another person for the use of such space; and (iii) if the Corporation determines that it no longer needs the space reserved in the facility, the Corporation may be relieved, for the remaining term of the contract, of its obligations to an extent and in a manner that will provide significant savings to the Corporation while permitting the owner of the facility reasonable time to lease such space to another person. (Sec. 1875.)

The *Senate* amendment contains no comparable provision.

(2) The *Conference* substitute adopts the *House* provision.

Emergency feed program

The *House* bill amends the Food and Agriculture Act of 1977 to expand eligibility, under the Emergency Feed Program to include a person that does not have sufficient feed that has adequate nutritive value and is suitable for each person's particular types of livestock, rather than, as under current law, if the person does not have feed sufficient for such person's livestock. (Sec. 1877.)

The *Senate* amendment amends section 407 of the Agricultural Act of 1949 to provide that the Commodity Credit Corporation (i) may make feed for livestock available to persons unable to obtain feed without undue financial hardship in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the section; (ii) may make such feed available to such persons through feed dealers in the areas; (iii) shall make such feed available at a price not less than 75 percent of the basic county loan rate; and (iv) shall bear any expenses incurred in connection with making such feed available to such persons under this provision, including transportation and handling costs. (Sec. 1951.)

The *Conference* substitute adopts both the *House* provision and the *Senate* provision.

(3) Controlled substances production control

The *House* bill provides that, notwithstanding any other provision of law, any person, corporation, or other legal entity convicted under Federal or State law of planting, growing, cultivating, producing, storing, or harvesting cannabis (marijuana) or other prohibited drug-producing plant on any part of the lands owned or controlled by such person or entity, or of permitting any such activity on lands owned or controlled by the person or entity, shall be ineligible for the year (or years) in which the illegal activity occurs to receive any benefits under any loan, purchase, payment, indemnity, land diversion, conservation, or other program administered by the Department of Agriculture for the benefit of agricultural producers. (Sec. 1878.)

The *Senate* amendment defines the term "controlled substance" as having the same meaning given such term in section 102(6) of the Controlled Substances Act; the term "Secretary" to mean the Secretary of Agriculture; and the term "State" to mean each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

The *Senate* amendment provides that, notwithstanding any other provision of law, following the date of enactment of the bill, any person who is convicted under Federal or State law of planting, cultivation, growing, or harvesting of a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—(A) any price support or payment made available under the Agricultural Act of 1949, the Commodity Credit Corporation Charter Act, or any other Act; (B) a farm storage facility loan made under the

Commodity Credit Corporation Charter Act; (C) crop insurance under the Federal Crop Insurance Act; (D) a disaster payment made under the Agricultural Act of 1949; or (E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under the Commodity Credit Corporation Charter Act for the storage of an agricultural commodity that is—(A) produced during that crop year, or any of the four succeeding crop years, by such person; and (B) acquired by the Commodity Credit Corporation.

The *Senate* amendment provides that not later than 180 days after the date of enactment of the bill, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this provision, including regulations that (1) define the term "person"; (2) govern the determination of persons who shall be ineligible for program benefits under this section; and (3) protect the interests of tenants and sharecroppers. (Sec. 1936.)

The *Conference* substitute adopts the *Senate* provision with an amendment to add storing and producing of a controlled substance to the list of actions which would trigger the penalty.

(4) Lead additives in farm fuel

(a) The *House* bill requires the President, acting through the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency to promptly initiate a study of the use of fuel containing lead additives in certain gasoline engines. (Sec. 1881.)

The *Senate* amendment contains a similar provision but requires the Administrator of the Environmental Protection Agency and the Secretary of Agriculture to jointly study the use of fuel containing alternative lubricating additives, in addition to lead additives, in certain gasoline engines. (Sec. 1935.)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* bill provides that for purposes of the study, the appropriate lead agency designated by the President is authorized to enter into such contracts under applicable law and other arrangements as may be appropriate to obtain the necessary technical and other information. (Sec. 1881.)

The *Senate* amendment contains a similar provision but authorizes both the Administrator of the Environmental Protection Agency and the Secretary of Agriculture to enter into such contracts and arrangements. (Sec. 1935.)

The *Conference* substitute adopts the *Senate* provision.

(c) The *House* bill provides that the results of the study would be published in the Federal Register not later than January 1, 1987 for written comments, and would be submitted to Congress within 90 days after such publication. The report would contain the results of the study, together with a summary of any public comments received, and recommendations on the need for lead additives in gasoline to be used by agricultural machinery. The report would be submitted only while both Houses of Congress are in session. (Sec. 1881.)

The *Senate* amendment provides that not later than January 1, 1987 (A) the Administrator of the Environmental Protection

Agency and the Secretary of Agriculture must publish the results of the study; and (B) the Administrator must publish in the Federal Register notice of the publication of the study and a summary. After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator must make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes. The Administrator must submit to the President and Congress a report containing (A) the study; (B) a summary of the comments received during the public hearing (including the comments of the Secretary); and (C) the findings and recommendations of the Administrator. (Sec. 1935.)

The *Conference* substitute adopts the *Senate* provision.

(d) The *House* bill requires that any regulation issued under any provision of law before or after the date of enactment of this provision regarding the control or prohibition of lead additives in gasoline would be amended to provide that the average lead content per gallon of gasoline distributed and sold for use on a farm for farming purposes would not be less than 0.5 gram per gallon. The *House* bill states that the purpose of the amendment is to ensure that adequate supplies of gasoline containing sufficient lead additives to protect and maintain farm machinery will be available in all States for use on farms for farming purposes. Nothing in these provisions would affect the control of lead or lead additives in gasoline distributed and sold for other uses.

The *House* bill defines the term "gasoline used on a farm for farming purposes" to be the same meaning as when used in section 6420 of the Internal Revenue Code of 1954. (Sec. 1881.)

The *Senate* amendment provides that until January 1, 1988, no regulation of the Administrator of the Environmental Protection Agency issued under section 211 of the Clean Air Act regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon. (Sec. 1935.)

The *Conference* substitute adopts the *Senate* provision.

(e) The *House* bill provides that, effective not earlier than 4 months after the date on which the report is submitted to Congress the regulations which, beginning on January 1, 1986, are generally applicable to control the level of lead additives in gasoline, would apply to gasoline used on farms for farming purposes whenever the Administrator of the Environmental Protection Agency publishes a notice thereof unless it is determined by the Administrator on the basis of the study conducted that a level of 0.5 grams per gallon (or some other level) is appropriate in the case of gasoline used on a farm for farming purposes to protect and maintain agricultural machinery specified by the Secretary of Agriculture. (Sec. 1881.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(f) The *Senate* amendment requires that—

(1) between January 1, 1986, and December 31, 1987, the Administrator must monitor the actual lead content of leaded gasoline sold in the United States;

(2) the Administrator must determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987;

(3) if the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator must (A) report to Congress; and (B) publish a notice thereof in the Federal Register. (Sec. 1935.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(g) The *House* bill authorizes to be appropriated such sums as may be necessary to carry out the required study and provides that such sums would remain available for such purposes until expended. In order not to delay the study, the Department of Agriculture and the Environmental Protection Agency should take immediate action with available funds to initiate the study. (Sec. 1881.)

The *Senate* amendment authorizes to be appropriated $1,000,000, to be available without fiscal year limitation. (Sec. 1935.)

The *Conference* substitute adopts the *Senate* provision.

(5) Potato Advisory Commission

The *House* bill provides that it is the sense of Congress that (A) the Secretary of Agriculture should take actions based on the recommendations of the potato advisory committee established by the Secretary on an ad hoc basis; (b) such actions should address industry concerns including trade, quality inspections, and pesticide use; (C) such committee should meet biannually; and (D) the recommendations and actions of such committee should be reported to the Chairmen of the House and Senate agriculture committees, and to the public. (Sec. 1883.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment declaring the sense of Congress that the Secretary should consider the recommendations of the potato advisory panel established by the Secretary on an ad hoc basis; that the advisory panel should address industry concerns, to the extent practicable, including trade, quality inspections, and pesticide use; the panel should meet periodically; and the recommendations of the panel may be reported, to the Chairman of the Senate and House agriculture committees, and to the public.

(6) Viruses, serums, toxins, and analogous products

(a) The *Senate* amendment amends the Virus-Serum-Toxin Act to make it unlawful for any person, firm, or corporation to ship or deliver for shipment in intrastate, as well as interstate, commerce any worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous product intended for use in the treatment of domestic animals. The *Senate* amendment also expands the authority of the Secretary of Agriculture to make and promulgate rules and regulations to carry out this Act. (Sec. 1121.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* amendment provides the Secretary authority, in order to meet an emergency condition, limited market or local situation, or other special circumstance (including production solely for

intrastate use under a State-operated program) to issue a special license (to prepare a virus, serum, toxin analogous product) under expedited procedures on such conditions as are necessary to assure purity, safety, and a reasonable expectation of efficacy. The Secretary must exempt by regulation from the requirement of preparation pursuant to an unsuspended and unrevoked license any virus, serum, toxin, or analogous product prepared by any person, firm, or corporation (1) solely for administration to animals of such person, firm, or corporation; (2) solely for administration to animals under a veterinarian-client-patient relationship in the course of the State licensed professional practice of veterinary medicine by such person, firm, or corporation; or (3) solely for distribution within the State of production pursuant to a license granted by such State under a program determined by the Secretary to meet criteria under which the State (A) may license virus, serum, toxin, and analogous products and establishments that produce such products; (B) may review the purity, safety, potency, and efficacy of such products prior to licensure; (C) may review product test results to assure compliance with applicable standards or purity, safety, and potency, prior to release to the market; (D) may deal effectively with violations of State law regulating virus, serum, toxin, and analogous products; and (E) exercises the authority referred to in clauses (A) through (D) consistent with the intent of the Virus, Serum, Toxin Act of prohibiting the preparation, sale, barter, exchange, or shipment of worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous products. (Sec. 1923.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* amendment authorizes employees of the Department of Agriculture to enter and inspect any establishment where any virus, serum, toxin, or analogous product is prepared (instead of only licensed establishments as under the Act).

The procedures of sections 402, 403, and 404 of the Federal Meat Inspection Act (relating to detentions, seizures, and injunctions) would apply to the enforcement of the Virus, Serum, Toxin Act with respect to any product, prepared, sold, bartered, exchanged, or shipped in violation of such Act or a regulation promulgated under such Act. The provisions (including penalties) of section 405 of the Federal Meat Inspection Act (relating to assaulting or interfering with officials carrying out the Act) would also apply to the performance of official duties under the Virus, Serum, Toxin Act. (Sec. 1923.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* amendment includes findings of Congress to the effect that the products and activities that are regulated under the Virus, Serum, Toxin Act are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof and regulation of the products and activities as provided in such Act is necessary to prevent and eliminate burdens on such commerce and to effectively regulate such commerce. (Sec. 1923.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) The *Senate* amendment provides that subject to the provisions outlined below, the case of person, firm, or corporation preparing, selling, bartering, exchanging, or shipping a virus, serum, toxin or analogous product during the 12-month period ending on the date of enactment of the bill solely for intrastate commerce, or for exportation, such product would not after the date of enactment, as a result of its not having been licensed or produced in a licensed establishment, be considered in violation of the Virus-Serum-Toxin Act until the first day of the 49th month following the date of enactment.

The exemption granted above may be extended by the Secretary for a period up to 12 months in an individual case on a showing by a person, firm, or corporation of good cause and a good faith effort to comply with the Act with due diligence.

However, the exemption granted in this paragraph must be claimed by the person, firm, or corporation preparing such product by the first day of the 13th month following the date of enactment, in the form and manner prescribed by the Secretary, unless the Secretary grants an extension of the time to claim such exemption in and individual case for good cause shown.

On the issuance by the Secretary of a license to such person, firm, or corporation for such product prior to the first day of the 49th month following the date of enactment of the bill, or the end of an extension of the exemption granted by the Secretary, the exemption granted in this paragraph would terminate with respect to such product. (Sec. 1923.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provisions. The conference expect the Department of Agriculture to exercise its authority under these amendments to assure the continued availability of veterinary biologics manufactured in the United States and sold exclusively to foreign countries in which they are approved for use in the treatment or prevention of animal diseases.

In order to assist existing intrastate producers in making the transition to Federal licensing, and to offer new companies ready opportunities for Federal licensing, the Conferees expect the Department of Agriculture to establish a program under which companies can be licensed as an establishment and to produce autogenous bacterins without the necessity of previously obtaining a license for some other product.

(7) Authorization for appropriations for Federal Insecticide, Fungicide and Rodenticide Act

The *Senate* amendment amends the Federal Insecticide, Fungicide, and Rodenticide Act to authorize appropriations of $57,067,300 to carry out such Act for the period beginning October 1, 1985, and ending September 30, 1986. (Sec. 1920.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to authorize appropriations of $68,604,200 of which not more than $11,993,100 would be for research.

(8) User fees for reports, publications and software

The *Senate* amendment amends section 1121 of the Agriculture and Food Act of 1981 to authorize the Secretary of Agriculture to furnish, on request, copies of software programs, pamphlets, reports, or other publications, regardless of their form, including electronic publications, prepared in the Department of Agriculture in carrying out any of its missions or programs, and to charge such fees therefor as the Secretary determines are reasonable. The imposition of such charges must be consistent with section 9701 of title 31, United States Code. All moneys received in payment for work or services performed, or for software programs, pamphlets, reports, or other publications provided, would be available until expended to pay directly the costs of such work, services, software programs, pamphlets, reports, or publications, and may be credited to appropriations or funds that incur such costs. (Sec. 1922.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* amendment.

(9) Confidentiality of information

Both the *House* bill and the *Senate* amendment provide for maintaining the confidentiality of information submitted under certain statutes. The House bill includes among the specified statutes section 2 of the joint resolution entitled "Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent", approved June 16, 1976 (15 U.S.C. 1516a). (Sec. 1030.)

The *Senate* amendment includes among the specified statutes (1) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of peanuts by the Department of Agriculture", approved June 24, 1936 (7 U.S.C. 951); and (2) section 4 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1516). (Sec. 1925.)

The *House* bill contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision with an amendment to include the statute (contained in the *House* provision) entitled "Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent", approved June 16, 1976.

(10) Land conveyance to Irwin County, Georgia

The *Senate* amendment authorizes and directs the Secretary of Agriculture to execute and deliver to the Board of Education of Irwin County, Georgia a quitclaim deed conveying and releasing all right, title, and interest of the United States of America in and to a 0.303 acre tract of land, together with improvements, located in Irwin County, Georgia. (Sec. 1937.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(11) National Tree Seed Laboratory

The *Senate* amendment provides that fees received by the National Tree Seed Laboratory, administered by the Forest Service,

for tree seed testing services would be retained and used as a reimbursement to current appropriations to cover the costs of providing such services. (Sec. 1938).

The *House* bill contains no comparable provision.

The *Conference substitute adopts the Senate* provision.

(12) Control of grasshoppers and Mormon Crickets on public lands

The *Senate* amendment requires the Secretary of Agriculture to carry out a program to control grasshoppers and Mormon Crickets on all Federal lands. Under the program, the Secretary of Agriculture would expend or transfer, and the Secretary of Interior would also transfer to the Secretary of Agriculture, funds for the prevention, suppression, control, or eradication of actual or potential grasshopper and Mormon Cricket outbreaks on lands under the jurisdiction of the Federal Government.

The Secretary of Agriculture would pay out of appropriated funds made available to the Secretary of Agriculture or transferred to the Secretary of Agriculture by the Secretary of the Interior, (A) 100 percent of the cost of grasshopper or Mormon Cricket control on Federal lands; (B) 50 percent of the cost of such control on State lands; and (C) 33.3 percent of the cost of such control on private lands. (Sec. 1947.)

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to (1) delete reference to the eradication of grasshoppers and Mormon Cricket outbreaks; (2) delete reference to the number of grasshoppers per square yard in connection with infestation levels; and (3) limits the use of funds transferred from the Department of the Interior solely to public lands under the jurisdiction of the Department of the Interior.

(13) Ethanol and Strategic Ethanol Reserve

The *House* bill requires the Secretary of Agriculture to establish, maintain, and utilize a Strategic Ethanol Reserve. Within 180 days after the date of enactment of this provision, the Secretary must prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which details the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve. The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the Nation.

Under the *House* bill the Plan shall include (A) a comprehensive environmental assessment; (B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve; (C) an estimate of the volumes of ethanol proposed to be stored in such storage facility; (D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels); (E) an estimate of the direct cost of the Reserve, including certain specified costs; (F) a distribution plan setting forth the

method and manner of drawdown and distribution to be utilized with respect to the Reserve.

To the extent necessary or appropriate to implement the Plan, the Secretary is required by the *House* bill to prescribe regulations and subject to the availability of funding in the account (A) acquire by purchase, condemnation, or otherwise, land and interests in land, and improvements thereon for the location of storage and related facilities; (B) construct, purchase, lease, or otherwise acquire storage and related facilities; (C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this provision; (D) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve; (E) execute any contracts necessary to carry out the provisions of such Plan; (F) maintain, operate, test, protect, and conserve the Reserve; and (G) bring an action, whenever the Secretary deems it necessary to implement the Plan to acquire by condemnation any real or personal property, including facilities, temporary use of facilities or other interests in land, together with any personal property located thereon or used therewith.

Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation. The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at certain minimum required fill rates in fiscal years 1986, 1987, 1988, and at least 10,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve.

In the fiscal year 1986, the Secretary, without additional appropriations, shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

The Secretary may withdraw and distribute ethanol from the Reserve only as a result of a declaration made by the President to meet U.S. energy needs or for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent test drawdown has been replaced. The Secretary may (A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve; (B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and (C) require the allocation of products refined from ethanol withdrawn from the Reserve. Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

The *House* bill establishes an account designated as the "Strategic Ethanol Reserve Account". Revenues from the sale or other disposal of ethanol from the Reserve and such sums as may be appropriated would be credited to the account. Funds credited to such account shall as provided for in appropriations be utilized by the Secretary for (A) the procurement of ethanol for the Reserve; (B) the construction and operation of facilities associated with the Reserve; (C) the drawdown and distribution of the Reserve; and (D) the maintenance and operation of the Reserve.

The *House* bill provides that the Secretary shall, beginning not later than Janaury 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this provision including certain specified items. (Sec. 1885.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision with an amendment requiring the Secretary of Agriculture to conduct a study of the cost effectiveness, the economic benefits, and the feasibility of establishing, maintaining, and utilizing a Strategic Ethanol Reserve relative to the existing Strategic Petroleum Reserve.

The study will be completed within one year after the enactment of the bill and will include, among other considerations—(1) the benefits and losses related to the U.S. economy, farm income, employment, government commodity programs, and the trade deficit of utilizing a Strategic Ethanol Reserve, as opposed to the Strategic Petroleum Reserve; and (2) the savings from storing ethanol as opposed to storing the amount of CCC-held grain necessary to produce the ethanol.

If the study shows that the Strategic Ethanol Reserve is cost effective, beneficial to the U.S. economy, and feasible in comparison with the Strategic Petroleum Reserve, the Secretary of Agriculture may eatablish, maintain, and utilize a Strategic Ethanol Reserve.

(14) Department of Defense land

The *House* bill requires that, notwithstanding any other provision of law, land owned by or under control of the Department of Defense or any agency thereof, that is leased for the production of agricultural commodities, shall not be eligible for participation in any program administered by the Department of Agriculture. (Sec. 1880.)

The *Senate* amendment contains no comparable provision.

The *Conference* substitute deletes the *House* provision. The conferees expect that the Department of Agriculture will not, directly or indirectly, make payments, or extend loans, to lessees of land leased from the Department of Defense (DOD) for the production of agricultural commodities. The conferees expect that the Secretary of Agriculture will work with the Secretary of Defense to terminate at an early date the eligibility of property under the ownership or control of Department of Defense for participation in farm commodity programs administered by the Secretary of Agriculture and to submit a report to Congress as soon as practicable addressing the matter.

(15) Control of agricultural losses caused by depredating animals

The *Senate* amendment provides that the authority of the Secretary of Agriculture to control agricultural losses from depredating animals would not be limited by Reorganization Plan II of 1939, nor by any other executive action taken pursuant to the Reorganization Act of 1939 (or any successor statute to the Act of 1939). (Sec. 1939.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(16) Transfer of agricultural products stored in warehouses

The *Senate* amendment provides that if a warehouseman lacks sufficient space to store the agricultural products of all depositors in a licensed warehouse, the warehouseman may, in accordance with regulations issued by the Secretary of Agriculture, and subject to such terms and conditions as the Secretary may prescribe, transfer stored agricultural products for which receipts have not been issued out of the warehouse to another licensed warehouse for continued storage.

The warehouseman of a licensed warehouse to which agricultural products have been transferred would deliver to the rightful owner of products, on request, at the licensed warehouse where first deposited, the products in the amount, and of the kind, quality, and grade, called for by the receipts or other evidence of storage of such owner. (Sec. 1928.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(17) Exclusion of liquidation proceeds from family contribution computation

The *Senate* amendment requires the Secretary of Education, within 30 days after the date of enactment of the bill, to promulgate special regulations to permit, in the computation of family contributions in connection with determining a student's need for financial assistance for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if the sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy. (Sec. 1933.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(18) National Advisory Commission on Rural America

(a) Findings and purposes

The *Senate* amendment declares the findings of Congress to the effect that the farm crisis, including the decline in farm income, farm property values, and available credit, is having serious adverse effects on rural enterprises dependent on the farm industry; rural enterprises and the farm industry are the mainstay of the rural tax base; the farm crisis foreshadows a crisis of governance in rural America; rural communities throughout the United States dependent on a single form of economic activity—agriculture, forestry, mining, manufacturing or tourism—are part of this emerg-

ing crisis of governance which, if unabated, will undermine the fiscal capacity of rural government and the ability to provide basic public services including education, health, housing, police, and other emergency services; the relationship between the declining rural economy and the provision of basic public services in rural communities is not well understood or documented; and an independent analysis of the relationship is necessary to determine the appropriate roles and responsibilities of all levels of government in responding to this emerging problem.

The purpose of this subtitle is to create a National Advisory Commission on Rural America to conduct a study and report to the President and Congress on conditions in rural America and relate those trends and problems to the provision of public services by Federal, State, and local governments. (Sec. 1971.)

(b) Establishment of Commission

The *Senate* amendment would establish a National Advisory Commission on Rural America composed of twenty-one members to study conditions in rural areas of the United States. Fifteen members would be appointed by the President, three by the President pro tempore of the Senate, and three by the Speaker of the House of Representatives as follows: The President would be required to appoint three Federal officials and twelve private citizens or elected officials or employees of State or local governments. All of the persons appointed by the President would be required to possess expertise in conditions in rural areas of the United States. The three Federal officials appointed would include the Secretary of Agriculture, the Assistant to the President for Intergovernmentals Affairs, and one other individual representing a Federal entity. Economic, agricultural, small business, and employee interests would be represented by one member each. Rural service delivery interests, State governments, local and regional governments, and a State-recognized consortia of local governments would be represented by two members each. The President pro tempore of the Senate and Speaker of the House of Representatives would be required to appoint three members each from the Senate and the House of Representatives, respectively, who are members of committees with jurisdiction over, or special concern for, conditions in rural areas of the United States and intergovernmental relations. No more than two appointees to the Commission from either body could be members of the same political party. Vacancies on the Commission would be filled in the same manner as the original appointment. The Commission would elect a Chairman from among its members, and would meet at the call of the Chairman or of a majority of the members of the Commission. (Sec. 1972.)

(c) Study

The *Senate* amendment requires the Commission to study conditions in rural areas of the United States and the relationship of such conditions to the provision of public services by Federal, State, and local governments. The study would be required to include an analysis of—

(1) social and economic indicators which reflect the declining rural economy, including economic and demographic trends and rural and agricultural income and debt;

(2) trends and fiscal conditions of rural local governments;

(3) trends and patterns in the delivery or rural public services;

(4) the impact on the rural economy and delivery of public services in rural areas of deregulation of transportation, telecommunications, and banking; and

(5) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States. (Sec. 1973.)

(d) Administration

The *Senate* amendment authorizes the Commission to hold hearings, administer oaths, issue subpoenas, and receive testimony and other evidence. Members of the Commission would serve without compensation except that members on the Commission who are private citizens would be allowed travel expenses, including per diem. Subject to advance appropriation of funds and Commission rules, but without regard to Federal classification or pay restrictions, the Chairman of the Commission could appoint a director and such additional staff as the Commission deems necessary. The Secretary of Agriculture would be required, and other executive agencies and the General Accounting Office would be authorized, to furnish personnel and support services without reimbursement by the Commission. The Commission would be required to keep records of its activities and disposition of funds for audit by the Comptroller General. The Commission would be exempt from Federal performance appraisal requirements and from provisions of the Federal Advisory Committee Act which govern the duration of such committees and impose upon advisory committees staff salary guidelines promulgated by the General Services Administration, and the requirement that such committees meet only with advance approval, and in the presence, of a designated Federal official who has authority to adjourn any meeting. (Sec. 1974.)

(e) Report

The *Senate* amendment requires the Commission, not later than one year after its establishment, to submit to the President and Congress its findings and recommendations including:

(1) how changes in the rural economy affect rural local governments;

(2) measures of rural distress resulting from changes in the rural economy;

(3) the extent to which distress in rural communities affects their ability to raise revenues, sustain employment, maintain infrastructure, and deliver adequate public services;

(4) a description of the programs and policy instruments available to Federal, State, and local governments to address distress in rural communities;

(5) the development of a framework within which to analyze such policy instruments;

(6) a comparative analysis of each of the instruments using this framework;

(7) how Federal and State governments can mitigate the decline in economic conditions in rural America; and

(8) the appropriate role of Federal, State, and local governments in assuring continued provision of basic public services, including education, health, housing, police, and other emergency service.

The Commission would be prohibited from commenting on legislation pending before Congress except upon request of a Committee Chairman. (Sec. 1975.)

(f) Authorization of appropriations

The *Senate* amendment authorizes appropriations of $800,000 to carry out this subtitle. To the maximum extent practicable, the subtitle would be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees. (Sec. 1976.)

(g) Termination

The *Senate* amendment provides that the authority under this subtitle and the Commission would terminate 60 days after the submission of the Commission's report. (Sec. 1977.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

From the Committee on Agriculture:

E de la Garza,
Thomas S. Foley,
Ed Jones,
Charles Rose,
Berkley Bedell
(on all matters except title VIII of the House bill and modifications thereof committed to conference),
Leon E. Panetta,
Jerry Huckaby,
Charles Whitley
(on all matters except subtitle A of title X, section 1022, section 1314, and subtitle C of title XVIII of the House bill and modifications thereof committed to conference, and section 1947 and title XX of the Senate amendment),
Tony Coelho,
Edward R. Madigan,
James M. Jeffords,

E. THOMAS COLEMAN
(on all matters except titles II, IV, V, IX, XVI, and XVII, and section 1862 of the House bill and modifications thereof committed to conference),
RON MARLENEE,
LARRY J. HOPKINS,
ARLAN STANGELAND,
CHARLES HATCHER
(in lieu of Mr. Bedell, solely for consideration of title VIII of the House bill and modifications thereof committed to conference),
CHARLES W. STENHOLM
(in lieu of Mr. Whitley, solely for consideration of subtitle A of title X of the House bill and section 1314 and modifications committed to conference; and additional conferee solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),
TERRY L. BRUCE
(in lieu of Mr. Whitley, solely for consideration of section 1022 of the House bill and modifications thereof committed to conference),
HAROLD L. VOLKMER
(in lieu of Mr. Whitley, solely for consideration of subtitle C of title XVIII of the House bill and modifications thereof committed to conference),
RICHARD H. STALLINGS
(in lieu of Mr. Whitley, solely for consideration of section 1947 of the Senate amendment),
GEORGE E. BROWN, JR.
(in lieu of Mr. Whitley, solely for consideration of title XX of the Senate amendment),

BILL EMERSON
(in lieu of Mr. Coleman of Missouri, solely for consideration of titles IX, XV, XVI, and XVII of the House bill and modifications thereof committed to conference),
STEVE GUNDERSON
(in lieu of Mr. Coleman of Missouri, solely for consideration of title II of the House bill and modifications thereof committed to conference),
SID MORRISON
(in lieu of Mr. Coleman of Missouri, solely for consideration of section 1862 of the House bill and modifications thereof committed to conference),
BOB SMITH
(in lieu of Mr. Coleman of Missouri, solely for consideration of titles IV and V of the House bill and modifications thereof committed to conference),
PAT ROBERTS
(additional conferee, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference),

From the Committee on Merchant Marine and Fisheries:

(Additional conferees, solely for consideration of subtitle D of title XI of the House bill and modifications committed to conference):

WALTER B. JONES
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
MARIO BIAGGI,
GLENN M. ANDERSON,
JAMES L. OBERSTAR,
WILLIAM J. HUGHES,
MIKE LOWRY,

NORMAN F. LENT
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
GENE SNYDER,
DON YOUNG
(and additional conferee, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference),
ROBERT W. DAVIS,

(Additional conferees, solely for consideration of title XX, section 1434, and sections 1201–1203 of the House bill and modifications committed to conference):

JOHN BREAUX,
GERRY E. STUDDS,
JACK FIELDS,

From the Committee on Foreign Affairs:

(Additional conferees, solely for consideration of title XI, sections 1025, 1421, 1423, and 1431 of the House bill, title I, sections 903, 1932, 1943, 1949, and 1952 of the Senate amendment, and modifications committed to conference):

DANTE B. FASCELL,
LEE H. HAMILTON,
DON BONKER,
SAM GEJDENSON,
PETER H. KOSTMAYER
(except subtitle D of title XI of the House bill and modifications committed to conference),
BUDDY MACKAY
(except subtitle D of title XI of the House bill and modifications committed to conference),
WM. BROOMFIELD,
BENJAMIN A. GILMAN
(except subtitle D of title XI of the House bill and modifications committed to conference),
TOBY ROTH,
DOUG BEREUTER,

From the Committee on Ways and Means:

(Additional conferees, solely for the consideration of sections 107(d), 108(b), 113, 1002, 1929, 1952, 1953, and 1955 of the Senate amendment and modifications committed to conference):

SAM GIBBONS,
ED JENKINS,
Managers on the Part of the House.

JESSE HELMS,
ROBERT DOLE,
RICHARD G. LUGAR,
THAD COCHRAN,
RUDY BOSCHWITZ,
EDWARD ZORINSKY,
PATRICK J. LEAHY,
JOHN MELCHER,
DAVID PRYOR,
Managers on the Part of the Senate.

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